



**Policy and Procedures  
for  
Financial Management**

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## **Section One – Financial Policy**

### **03 Introduction:**

The purpose of this manual is to ensure that the RDUTC maintains and develops systems of financial controls that 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 Department for Education (DfE).

RDUTC must also comply with the principles of financial control outlined in the Academies Financial Handbook published by the DfE. This manual expands on that and provides detailed information on RDUTC's accounting procedures and system manual that should be read by all staff involved with financial systems.

This documents does not replace or change any obligations placed upon the Academy Trust or its governors by law or by regulations issued by the Department for Education, Charity Commissions, Customs and Excise and other statutory bodies.

#### **Definitions**

- The terms Trustee Director or Governor shall herein be referred to as Governor and mean one and the same
- The terms Governing Body and Board of Trustees shall herein be called Governing Body and mean one and the same

#### **Links to other Documents**

There are a number of other polices that deal with financial aspects, these include, but are not limited to:

- ESFA Academies Financial Handbook
- Trusts Articles of Association
- Master and supplemental Funding Agreements
- HM Treasury's 'Regularity, Propriety & Value for Money'
- Prevention of Fraud Policy
- Procurement Policy
- Whistleblowing Policy
- Charging & Remissions Policy
- Debt Policy
- Pay Policy
- Terms of Reference of committees established by Trustees

As an established part of RDUTC's induction procedures, all staff are given a copy of the Whistleblowing Policy and made aware of its significance. Staff members are required to sign a register to acknowledge receipt.

All those holding public office must also perform their duties in accordance with the 'Seven Principles of Public Life'.

#### **Information Security – Data Protection Act 1998**

The purpose of the Data Protection Act 1998 is to restrict access to personal data, giving access to authorised personnel only. RDUTC recognises its obligation of non – disclosure to third parties and gives access only to those personnel with a need and a right to know the information to do their job.

## 2.0 Organisation

RDUTC has defined the responsibilities of each person involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The organisation of the financial management of RDUTC is as follows:



The financial reporting lines are indicated as above. The organisation of RDUTC encourages regular interaction between those making financial decisions and those affected by them through the passing of information regarding any proposed actions through the reporting lines indicated.

### Members

All Academy Trusts have members, in addition to the Board of Directors – also referred to as Trustees. Members have a similar role to shareholders of a company limited by shares. In that they:

- If they are founding members, subscribe to the Trusts memorandum of Association
- May amend the Articles of Association subject to the terms of the Articles, the Funding Agreement and Charity Law
- Have the power to appoint and remove Directors / Trustees in certain circumstances
- Appoint the Trust's auditors and receive the Trust's audited annual accounts at their AGM

The minimum requirement is for there to be three members, though the Department for Education recommends a minimum of five to ensure a diverse range of perspective. It is also good practice to have a degree of separation between the Members and Board – the Department recommends that the majority of members are independent from the Board. Employees of the Trust cannot generally be members.

### The Governing Body:

The Board of Governors is required to conduct its business in accordance with the following:

- Its Articles of Association and company law
- The requirements of the Department for Education (DFE) as set out in the Funding Agreement, the Academies Financial Handbook (as updated each year) and the Governance Handbook.
- The requirements of the Charity Commission including the production of accounts in accordance with the Statement of Recommended Practice (SORP)

The Governing Body has overall responsibility for the administration of the school's finances. The

main responsibilities of the Governing Body are prescribed in the Funding Agreement between RDUTC and the DfE and in the Academy's scheme of government. The main responsibilities include:

- Ensuring that the grant from the DfE is used only for the purposes intended
- Approving the annual budget
- Appointing the Principal
- Appointing the FD, in conjunction with the Principal.
- Overseeing financial procedures
- Determining levels of expenditure and virement.

The Academies Financial Handbook requires the Board of Governors:

- Obtain approval from the EFA where it is considering borrowing funds or entering into liabilities such as leases or tenancies beyond delegated limits
- Obtain approval from the EFA before making any novel or contentious payments
- Satisfy the conditions of the Academies Financial Handbook when making staff severance payments, and obtain the required approval before making a binding commitment to staff
- Ensure that goods or services provided by individuals or organisations connected to the trust are provided at 'no more than cost' on the basis of an open book agreement and supported by statements of assurance
- Report to the EFA any instances of fraud or theft against the trust, whether by employees, trustees or third parties that is above £5,000 or where the fraud is unusual or systematic in nature.

#### **The Finance and Audit Committee:**

The Finance and Audit Committee is a committee of the Governing Body which meets at least once a term. More frequent meetings can be arranged if necessary. This committee will carry out audit duties in accordance with the Academies Financial Handbook

The main responsibilities of the Finance and Audit Committee are detailed in written terms of reference, which have been authorised by the Governing Body. The main responsibilities include:

- Consideration in detail of budgets and financial plans
- The initial review and authorisation of the annual budget
- The regular monitoring of actual expenditure and income against budget
- Reporting to Governing Body on budgetary performance
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
- Authorising the expenditure over £31,000 and up to £50,000
- Authorising changes to RDUTC's personnel establishment
- Ensuring consistency and adequate explanations of variances
- 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.

Minutes to be taken by The Principal's PA and reviewed by Chair prior to circulation.

Quorum – 3, in line with DfE Academies Financial Handbook requirements.

#### **The Principal (Accounting Officer):**

The Principal will act as the Accounting Officer, as defined in the Academies Financial Handbook. They will ensure that:

- All items of income and expenditure within the Academy Trust are dealt with in accordance with legislation, the funding agreement and other DfE guidance and the Academy Trusts own internal procedures (**regularity**)
- Income and expenditure within the Academy Trust are dealt with in accordance with Parliament's intentions (**propriety**)
- The best possible educational outcomes are achieved within the Academy Trust through economic, efficient and effective use of all resources (**value for money**)

The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to EFA with the audited accounts. The accounting officer must also demonstrate how the Academy Trust has secured value for money via the governance statement in the audited accounts.

The Accounting Officer must take personal responsibility for ensuring the Board is compliant with the Academies Financial Handbook and other guidance from the DfE and EFA, such as the 'Dear Accounting Officer' letters.

The Principal has overall executive responsibility for RDUTC's activities including financial activities. Much of the financial responsibility has been delegated to the FD but the Principal still retains overall responsibility for this, in particular:

- Approving new staff appointments within the authorised establishment, except for members of the Senior Leadership Team and any staff paid on the leadership scale which the Governing Body have agreed should be approved by them;
- Authorising expenditure up to £30,000 excluding VAT in conjunction with the FD
- Authorising expenditure between £31,000 and £50,000 excluding VAT in conjunction with the FD and Chair of the Finance and Audit Committee
- Signing cheques in conjunction with other authorised signatories
- Disposal of assets up to an amount designated from time to time in the DfE Academies Handbook
- Preparing the annual budget in conjunction with the FD
- Keeping the Finance and Audit committee informed about the budgetary position

#### **The Finance Director (Chief Accounting Officer):**

The Financial Director works in close collaboration with the Principal through whom he or she is responsible to the Governors. The Finance Director also has direct access to the Governors via the Finance and Audit Committee.

The Academies Financial Handbook states that the Chief Financial Officer will act within the delegated authority given to the Principal. The role will cover the following areas:

- Financial planning, monitoring and reporting - The Academy Trust must prepare and monitor financial plans to ensure the financial health; this includes budgeting, cash management, investments, income generation and financial reporting
- Internal control - The Academy Trust must have in place sound internal control, risk management and assurance processes.
- Internal scrutiny - The Academy Trust must have in place a process for checking its financial systems, controls, transactions and risks.
- Transparency - The Academy Trust must be transparent with its governance and financial arrangements.

The main responsibilities of the Finance Director are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system
- The management of RDUTC's financial position in conjunction with the Principal at a strategic and operational level within the framework for financial control determined by 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 Principal and other authorised signatories
- Ensuring forms and returns are sent to the DFE, Charity Commission, Pension Scheme Administrators and others in line with guidance

### **The Responsible Officer**

The Responsible Officer is appointed by the Governing Body and provides Governors with an independent oversight of RDUTC's financial affairs. The main duties of the RO are to provide the Governing Body with independent assurance that:

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

The Responsible Officer will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Governing Body.

### **Other Staff**

Other members of staff, primarily the FA 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 RDUTC property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of RDUTC's financial procedures.

All staff should be made aware of this Policy & Procedures and the Whistleblowing Policy of the Academy Trust. The Principal, all finance staff and those staff who are budget holders or are bank signatories must confirm to the Board of Governors that they have read and understood this policy document.

### **Register of Interests:**

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, RDUTC governors and staff are required to declare any financial interests they have in companies or individuals from which RDUTC may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation that may have dealings with RDUTC. The disclosures should also include business interests of relatives such as a parent or spouse or business partner.

All parties will be asked to complete a Business Interest proforma and submit either a nil return or state the nature of interest. It is the responsibility of each party to give immediate notification of any changes to the current interest or any new interests.

The Business Interest proformas are collated to form a Business Interests Register. The FD is responsible for ensuring the register is kept up to date at all times. This register is kept in the FD's office and is available for inspection by those entitled to see it. This will be presented annually to the governors during the Autumn term meeting. The Clerk to the Governors will ensure this is an item on the full Governing Body agenda.

All staff involved in the procurement process will not accept any fee or reward whatsoever other than their proper remuneration.

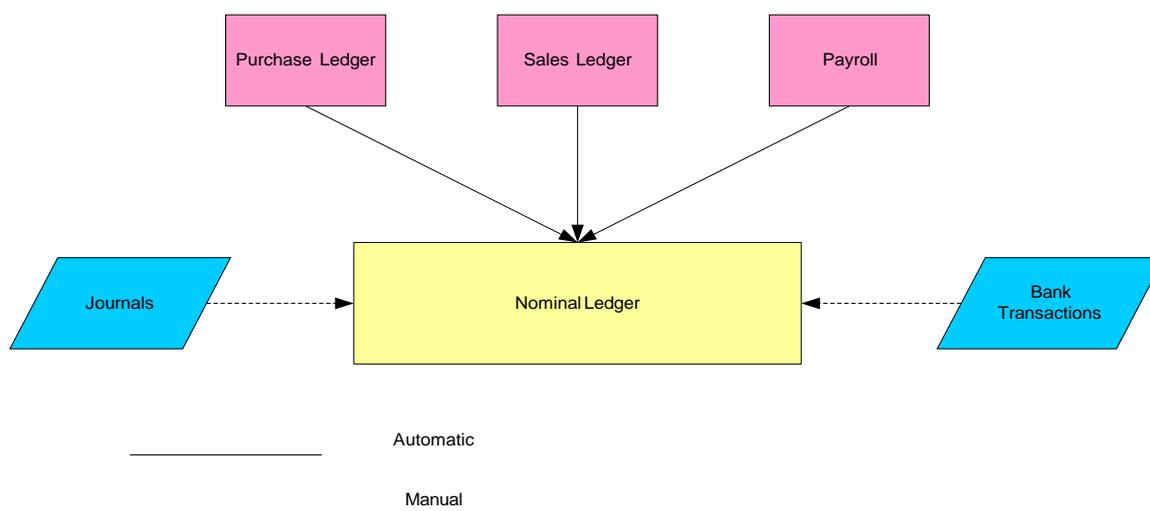
The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting and will not be involved in any part of the specific procurement process.

### Improper Business Practices

Anyone involved in the purchasing process must not accept any bribe, gift, gratuity or inducement from persons who have tendered or who might tender for the supply of goods and services. This does not include unsolicited gifts of minimal value.

Contracts must not be artificially split up so that the value of individual purchases falls below the delegated or authorised limit.

### 03 Accounting system



All the financial transactions of the Academy Trust must be recorded on the Academy Trust's accounting system

The accounting system used by the Sir Simon Milton Westminster is Sage 2000 for Education.

Computing facilities are used for financial management and administration arrangements there use should:

- Conform to the requirements of Data Protection legislation from time to time in force;
- Secure the accuracy and integrity of all financial data relating to the Academy Trust.

In particular, such arrangements should make proper provision for:-

- The physical security of computer equipment and software;
- The restriction of access to the means of processing or reading data to authorised personnel only;
- Procedures for the control of input and output;
- Procedures for the reliable reconstruction of records in the event of system failure (system back-up);
- Procedures for the processing of data by alternative means in the event of other than temporary breakdown.

The Academy Trust uses computers to process and record financial and other management data including pupil and staff records. These records are registered with the Information Commissioner's Office under the Data Protection Act 1998.

Security of the computer is controlled through strict observation to password security and frequent changes of passwords.

Sage 2000 is a cloud hosted system. As part of the contract Sage back up records, this provide college with additional assurances regarding the security of data.

### **Transaction Processing**

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.

Detailed information on the operation of the Academy Trust's financial system can be found in the user manuals provided – these are available online within the system.

The Finance Director can obtain and review system reports to ensure that all transactions are posted correctly to the accounting system.

### **Reconciliations**

The Finance Director is responsible for ensuring the following are reconciled each month:-

- Sales ledger control account
- Purchase ledger control account
- Payroll control account
- VAT control accounts
- Suspense accounts
- Records relating to accruals and pre-payments
- Bank balances per the cash book to the bank statements.

Any unusual or long outstanding reconciling items must be brought to the attention of the Accounting Officer, who will review and sign all reconciliations as evidence of review.

The Accounting Officer will be asked to review and sign off each month:

- Authorisation of the payroll following checks undertaken to account for variances in pay
- Checking & initialing the monthly bank reconciliation
- Checking & initialing of the checklist to ensure all month end actions have been undertaken

#### **4.0 Financial Planning**

RDUTC prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the financial planning process and reflects the priorities identified in the school self-evaluation and highlighted in the school improvement plan. The financial plan, in conjunction with the school improvement plan, indicates how RDUTC's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year. This is designed to meet the priorities outlined in the school improvement plan.

##### **School Improvement Plan**

The school improvement plan is informed by the self-evaluation process and lists the targets and strategies identified to deliver an outstanding learning experience for all students. Due regard is also given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

The improvement plan includes specific resource costings over and above day-to-day expenditure.

##### **Annual Budget**

The Principal, in conjunction with Finance Director, is responsible for preparing and obtaining approval for the annual budget. The budget must be initially reviewed and authorised by the Finance and Audit Committee and approved by the Governing Body.

The approved budget must be submitted to the EFA by the date published by them each year. The Principal, in conjunction with the Finance Director, is responsible for establishing a timetable that allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to RDUTC for the forthcoming year and will detail how those resources are to be utilised.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of students to estimate the amount of DfE grant receivable
- Review of other income sources available to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of RDUTC's cost base
- Identification of potential efficiency savings

- Review of the main expenditure headings in light of the school improvement plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes

### **Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding.

If shortfalls are identified, opportunities to increase income are explored and expenditure headings reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets are revised until income and expenditure are in balance.

If a potential surplus is identified, this may be:

- Held back as a contingency
- Allocated to areas of need
- Identified for a specific project

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget is prepared by the Principal in conjunction with the FD for initial review and authorisation by the Finance and Audit Committee and then approval by the Governing Body.

The budget is communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget is a working document that may need revising throughout the year as circumstances change.

### **Monitoring and Review**

The Finance Director prepares monthly reports as set out in this document. The reports detail actual income and expenditure against budget both for budget holders and, at a summary level, for the Principal and the Finance and Audit Committee.

Any potential overspend against the budget is, in the first instance, discussed with the Principal. The monitoring process is 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 virements due to an end of year overspend are authorised by the finance and audit committee and reported to the Governors in accordance with the terms of reference.

## **5.0 Income**

### **Income**

The main source of income for RDUTC is the grant from the DfE. The receipt of this sum is monitored directly by the Finance Director who is responsible for ensuring that all grants due to RDUTC are collected.

RDUTC may also obtain income from the following:

- Donations from its sponsors, partners and others
- School trips, catering or tuition books and equipment in relation to students
- Deposits for locker keys from students
- Funds associated with extra curricula activities
- Lettings & Hire Charges – from the wider community
- Consultancy services provided to other academies and schools

Invoices should be raised where RDUTC provides a service, the standard terms for payment is within 28 days, unless it is a condition of the service that payment is received first.

Official, pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept safe prior to banking. Banking should take place every month or more frequently if the sums collected exceed the insurance limit.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officer is responsible for preparing monthly reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system – this will be reviewed by the Finance Director.

### **Bad Debts**

All outstanding monies should be pursued if they are outstanding more than 28 days. This should initially be in writing but may be followed up by phone calls or a face to face conversation. Once a debt is outstanding for 60 days the matter should be dealt with by the Finance Director in accordance with the RDUTC's policies.

The Board of Governors has approved that, debtors' arrears up to the value of £1,000 may be written off by the Principal. Debts over £1,000 will require approval of Governors before being written off.

## **6.0 Expenditure (Purchases)**

A large proportion of purchases is paid for with public funds. RDUTC maintains the integrity of these funds by following the general principles of:

- **Probity:** RDUTC must demonstrate that there is no corruption or private gain involved in RDUTC's contractual relationships
- **Accountability:** RDUTC is publicly accountable for its expenditure and how it conducts its affairs
- **Fairness:** RDUTC must ensure that all those dealt with by RDUTC are dealt with on a fair and equitable basis

### **Value for Money (Best Value)**

RDUTC understands that best value is a duty to deliver services to clear standards covering both cost and quality by the most economic, efficient and effective means. There must be a balance between cost and quality and as such value for money does not necessarily mean obtaining the cheapest purchase price. Other dimensions of a potential purchase should be considered such as appropriate quality, time spent in pursuing cost savings, suitability, delivery date and relationship with and reliability of supplier. RDUTC endeavours to take into account value for money in all its transactions.

## **Purchasing Controls**

All paperwork and documentation is retained relating to all transactions. Where a best value exercise has been conducted, this paperwork can be found in the Finance Director's office. For all other transactions, a complete audit trail of paperwork can be found in the transactions folders stored in the main office.

## **Routine Purchasing**

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. Budget holders will be provided each month with details of actual expenditure and known commitments against budget. Budget holders should review this and advise the Finance Director immediately of any concerns or missing commitments.

It is the responsibility of the budget holder to manage their budget and ensure that funds available are not overspent.

In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that 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 provided to the Finance Director.

Purchase Orders may be processed by the completion of a paper-based process or through a web portal, which operates alongside the accounts system.

Purchases must be authorized in accordance with the scheme of delegation, and for larger purchases up to three quotes may be required to ensure RDUTC is getting value for money.

## **Non Routine Purchases - Forms of Tender**

There are three forms of tender procedure: open; restricted; negotiated. The circumstances in which each procedure should be used are described below. Further guidance on tenders is available from the Finance Director.

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the FD 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
- The nature of the goods is such that only specific suppliers can be expected to supply the RDUTC's requirements
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering

**Negotiated Tender:** This is where the terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in the following 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

## **7.0 Payroll**

The main elements of the payroll system are:

- Staff appointments
- Payroll administration
- Payments

### **Staff Appointments**

The Governing Body has approved a personnel establishment for RDUTC. Changes can only be made to this establishment with the express approval, in the first instance, of the Finance and Audit Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Principal has authority to appoint staff within the authorised establishment except for members of the Senior Leadership Team and staff paid on the leadership scale whose appointments must follow consultation with the Governors.

The Principal's PA maintains personnel files for all members of staff that include contracts of employment. All personnel changes are notified, in writing, to the Finance Director immediately. Annual salary statements are kept for all employees.

### **Payroll Administration**

Hull City Council administers the monthly RDUTC payroll. Approval of the Finance & Audit Committee is needed to change this arrangement; which would normally occur at the start of a tax year (April).

The payroll provider will circulate a timetable at the start of each year which RDUTC follows to ensure payment to staff are made promptly and correctly.

The Finance Director is responsible for ensuring all new starters, leavers and other payroll changes are notified to the provider.

The PA to the Principal completes monthly staff returns that provide details of sickness and other absences during the month. In accordance with the monthly timetable, each report should be authorised by the Principal and retained with staff records held by the PA. Documents will be filed for payroll processing by the Finance Office.

Staff who are paid on submission of a time-sheet must complete a time-sheet. Monthly E timesheets are downloaded using the Secure Electronic Data Transfer System (EDT). The payroll provider sends an email notification to the Admin. email account when the current sheets are available for download. When completed, all worksheets in the E Timesheet are printed and the Output report signed and dated by the Principal. This is placed in the file marked Staff Returns stored in the Finance Director's Office. Once approved, the E timesheet are sent to the payroll provider via Assyst using the secure log in. The deadline for such is contained in the notification email. All necessary passwords are stored in the school safe.

A Payroll Validation Report is created by the payroll provider. The report is uploaded onto the Secure Data Transfer System. An email is received by the Admin. email account confirming the file upload. The report is printed and reconciled with the profiled pay information. A Payroll Validation Return (PVR) is completed indicating any queries or anomalies found and returned via Assyst to the payroll provider.

## **Payments**

Once monthly staff returns have been passed to the provider, they calculate the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and payments for these amounts should be prepared by the due date.

Salary payments and payments to HMRC and Pension Providers are made by BACS.

The Finance Director should prepare a reconciliation between the current month's payments and the expected monthly payments, including national insurance and pension, based upon staff contracts. This reconciliation must be reviewed and signed by the Principal prior to the authorisation on the monthly pay run.

The Principal, once in receipt of the reconciled monthly pay reports, will select two staff at random and check the gross monthly pay against the personnel files held. If all is in order they will authorise payroll for the month.

After the payroll has been processed and the nominal ledger has been updated, the Finance Director should review the payroll control account and individual cost centres to ensure amounts have been correctly posted

## **Staff Expenses**

All staff expenses will be paid through payroll. See notes below on Petty Cash.

## **8.0 Cash Management**

### **Bank Accounts**

The opening of all accounts is authorised by the Governing Body who 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 are also subject to the same level of control.

### **Deposits**

Particulars of any deposit are entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details include:

- The amount of the deposit
- A reference, such as the number of the receipt or the name of the debtor

Income is entered into the Sage accounting system. This provides further corroboration of banking.

### **Payments and Withdrawals**

All cheques and other instruments authorising withdrawal from RDUTC bank accounts must bear the signatures of two authorised signatories and be in accordance with limits set out in the scheme of delegation. This provision applies to all accounts, public or private, operated by or on behalf of the Governing Body.

Authorised signatories must not sign a cheque or authorisation relating to reimbursed expenses for which they are claiming.

### **Debit Card / Charge Card**

The school has one issued on the budget account in name of the Finance Director

The debit card is stored in the safe when not in use. It must not be taken off the school site unless it is to be used for a specific purchase. The Finance Director sets the pin code and is the only person authorised to use the debit card.

All transactions follow the normal ordering approval procedures, having particular regard to separation of duties where possible. Before instigating a transaction, it must be confirmed that sufficient funds are available. The delivery address must be RDUTC except in exceptional circumstances approved by the Principal.

The maximum value per transaction off-site is limited to £100 unless prior approval has been obtained from the Principal. The maximum value per transaction on-site is limited to £200 unless prior approval has been obtained from the Principal.

The Card Authorisation Log is completed and signed for every transaction. All documents relating to the transaction are filed in the Debit Card File (delivery notes, receipts and order confirmations etc.) , which can be found in the Finance Director's Office.

Once the debit card order has been processed, the commitment must be entered into Sage.

VAT invoices are obtained if VAT is to be reclaimed. It is the responsibility of the cardholder to obtain receipts for all off-site transactions.

### **Petty Cash Accounts / Staff Expenses**

RDUTC does not intend to hold any petty cash.

Where purchase cannot be made by the issuing a purchase order or using a debit / charge card, out of pocket expenses from staff will be settled through pay roll.

The claim form and receipts should be submitted at the end of the month and will be authorised by the Principal. The Principal's out of pocket expenses will be authorised by Chief Financial Officer.

The completed signed form with receipts should be forwarded to the Finance Office for inclusion in the next pay roll run.

### **Administration**

The Finance Director 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 Trust's cash book (Sage)
- Reconciliations are subject to a monthly review and sign off carried out by the Principal
- Adjustments arising are dealt with promptly.

## **Cash Flow Forecasts**

The Finance Director is responsible for monitoring cash flow to ensure that RDUTC 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. Similarly plans are made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages..

## **Investments**

Investments are only made in accordance with written procedures approved by the Governing Body. All investments are 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.

## **Maintenance of Complete and Permanent Records**

RDUTC ensures that complete financial records are maintained at all times so that transactions are traceable from the original documentation to the accounting records and vice versa. These records are located in the Finance Director's office or in designated stores.

Financial documents are kept for 6 years after the end of each financial year. The records to be retained include all invoices paid, cancelled or returned cheques, bank statements and complete year-end documentation.

## **9.0 Fixed Assets**

### **Asset Register/Inventory**

RDUTC maintains an Asset Register. All items purchased with a value over £1000 are entered on the Asset Register.

The Asset Register:

- Ensures that staff take responsibility for the safe custody of assets
- enables independent checks on the safe custody of assets, as a deterrent against theft or misuse
- ensures the effective utilisation of assets, including planning for their replacement
- helps external auditors to draw conclusions on the annual accounts and the RDUTC's financial system
- supports insurance claims in the event of fire, theft, vandalism or other disasters

The Asset Register includes the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- location or staff member responsible for the asset
- Depreciation / book value

## **Record-Keeping Procedures for the Asset Register**

- All ICT equipment is logged on an audit document by the Network Manager
- All non ICT equipment is logged on an audit document by the Site Manager
- Acquisitions are entered into the Asset Register as they are received
- Entries are updated when changes are made

## **Security of Assets**

Stores and equipment are secured by means of physical and other security devices. Only authorised staff may access the stores. All items must be securely stored when not in use.

Stolen items are reported immediately to the Principal and Finance Director so that appropriate action can be taken.

All the items on the Asset Register and Asset Inventory are permanently and visibly marked as RDUTC's property.

Inventories of RDUTC property are kept up to date and reviewed regularly. Where items are used by RDUTC but do not belong to it, this is noted.

Annual counts are carried out by someone other than the person maintaining the Asset Register and Asset Inventory. Discrepancies between the physical count and the amount recorded are investigated promptly and, where significant, reported to the Governing Body.

## **Disposals**

Items, which are to be disposed of by sale or destruction, are authorised for disposal by the Principal and, where significant, are sold following competitive tender. RDUTC always seeks 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.

RDUTC reinvests the proceeds from all asset sales for which capital grant was paid in other assets for RDUTC. If the sale proceeds are not re-invested, RDUTC repays a proportion of the sale proceeds to the DfE.

## **Loan of Assets**

Items of RDUTC property cannot be removed from the RDUTC premises without the authority of the Principal. A record of the loan is recorded in a loan book and booked back into RDUTC when the item is returned.

## **Photocopier (Leased)**

Staff always copy materials in the most economical and sustainable way, being cognisant of copyright restrictions that are posted close to copiers. Thought is given to the benefit gained by making a colour copy. All members of staff are allocated biometric fingerprint recognition to use the photocopiers. This enables staff use of the photocopiers to be regularly monitored.

## 10 Summary of Scheme of Delegation

The table below summarises the Scheme of Delegation approved by the Board of Governors.

Activity	Academy Trust Board	Principal	Finance Director	Vice Principal	Budget Holder
<b>Authorisation of Purchase Orders / Awarding Contracts / Authorisation on Non-Purchase Order Invoices</b>					
Up to £2,000 (Purchases From Approved Suppliers – Finance Office will provide details)	Board would not expect to deal with lower value orders and contracts.	X	The CFO should not approve any orders or contracts to ensure segregation of duties. They will though support staff in reaching decisions.	X	X
Up to £30,000 (Three Quotations Required)	X	X		Only in the absence of the Principal.	No
Over £30,000 (Formal Tendering Required)	Chair / Deputy Finance & Audit Committee	Principal expected to make recommendation to Finance & Audit		No	No
Over £50,000 (Formal Tendering Required – This May Be Subject To EC Rules)	Full Board	Principal expected to make recommendation to Trust Board		No	No
	Once a purchase or order has been approved, an appropriate member of staff will ensure the order is placed, and that the delivery and invoice matches the order. If there is any variation, the order should be returned for further approval.				
<b>Approving Payments / Cheque Signatories / Online Payments</b>					
Up to £30,000 Per Item *		Two signatories / BACS authorisations required from this group or designated deputies approved as signatories by the Academy Trust. Online payments should be signed by card holder & one other signatory.			
Over £30,000 Per Item	Two signatories are required, but one must represent the Academy Trust Board.				
	* BACS files may exceed £30,000 in total, but individual payments should not exceed £30,000				
<b>Approving Invoices to Collect Income</b>					
Any Amount		X	X		

Activity	Trust Board	Principal	Finance Director	Vice Principal	Budget Holder
<b>Signatories on EFA Grant Claims &amp; EFA Returns</b>					
Any	Two signatories are normally required by the EFA – one of who must represent the Trust Board.				
<b>Budget Virements Between Headings In Approved Budget</b>					
Up to £30,000		X			
Over £30,000	Finance & Audit Committee				
<b>Disposal of Assets (excluding freehold on land or buildings)</b>					
Up to £5,000		X	Items over £3,000 should only be disposed of following a competitive tender or similar commercial exercise approved by the CFO.		
Over £5,000	X Additional approval may be required from the EFA				
<b>Write-Off Bad Debts</b>					
Up to £5,000		X			
Over £5,000 Large write offs (single items of 1% of income or £45k if lower) require approval of the DfE. Similarly an accumulation of write offs may require DfE approval. See Academies Financial Handbook.	X				
<b>Petty Cash</b>					
Petty Cash will not be retained in college. Staff expenses will be paid through payroll.		Staff Expenses.	Staff Expenses Of SLT.		

Activity	Academy Trust Board	Principal	Finance Director	Vice Principal	Budget Holder
<b>Staff Appointments &amp; Payroll</b>					
Appointment of Principal, Vice Principal & Finance Director	X				
Appointment of other staff		X			
Approval of pay scales & terms	X				
Changes to pay point, hours & similar		X			
Data input to HR & pay roll systems			Finance Office		
Review payroll output against expectation			Finance Office		
Authorisation of pay run (2 payments checked to files)		X		X	
Pay roll journals & reconciliation			Finance Office		
<b>Budget Approval &amp; Monitoring</b>					
Budget Approval	X				
Propose Budget for Approval		X			
Propose Departmental Budget & Monitor Actuals v Budget		X		X	X

From time to time The Board of Governors may make temporary changes to the above schedule, for example to cover the temporary absence or secondment. Such changes will be approved at a meeting of the Board of Governors and minuted.

## 11.0 Internal Financial Responsibilities

### Signatories

Authorisation on an action or transaction is a key internal control. Staff are expected to exercise authority only where they have been delegated the power to do so. The Finance Directors will maintain a specimen signature schedule. This can be found in the finance file in the Finance Director's office. Cheques require two signatures, one of which must be the FD or the Principal.

Name	Position	Signature	Authorised to sign	
Sarah Pashley	Principal	See Authorised Signature list	New starter forms Variation forms Leaver forms Weekly timesheets E Timesheet report Staff expenses  Disposals Bad Debts	Purchase Orders Contacts to £30k Cheques Online banking BACS authorisation Finance reconciliations ESFA & Pension Returns
Mark Ollerenshaw	Vice Principal	See Authorised Signature list	Purchase Orders Cheques Online banking BACS authorisation	HR forms in absence of Principal
Steve Willacy	Vice Principal	See Authorised Signature list	Purchase Orders Cheques Online banking BACS authorisation	HR forms in absence of Principal
Stephen Dolman	Finance Director	See authorised signature list	New starter forms Variation forms Leaver forms Weekly timesheets E Timesheet report Staff expenses	Cheques Online banking BACS authorisation VAT 126 Forms ESFA & Pension Returns
Margaret Smith	Finance Support in Year 1	See authorised signature list	Deliveries	Signature / Initials will also appear on items processed by Finance Office



**Month End Reports Retained by Finance Team**

REPORTS Summary Trial Balance - Retained by Finance Team  
 REPORTS Aged Creditor Report - Reviewed and annotated by Finance Team  
 REPORTS Aged Debtor Report - Reviewed and annotated by Finance Team  
 REPORTS Unreconciled Bank Account Listing - Retained by Finance Team  
 REPORTS Create Cumulative Staff & Governor Expense Analysis  
 REPORTS Capital Report - Income, expenditure & VAT re-imbursments

Responsibility	Completed (Add Initials)	Date

**Monthly Reports Distributed by 15th of Month**

REPORTS Produce Management Accounts on accrual basis  
 REPORTS Produce Variances Report and document explanations  
 REPORTS Cash flow Report


**Other Reports As Required**

REPORTS Produce Governors Termly report  
 REPORTS Produce variance report for Governors


<b>I confirm I have completed all duties and responsibilities for period above:</b>	<b>Position</b>	<b>Date:</b>
	Chief Finance Officer / Finance Director	
<b>I confirm I have reviewed this document and am satisfied the duties have been undertaken:</b>	<b>Position</b>	<b>Date:</b>
	Accounting Officer / Principal	

### 13 Academy Planner (Generic Based On That Published By ESFA July 2017)

September	October	November
<ul style="list-style-type: none"> <li>Accounts to 31st August year-end closed</li> <li>Prepare schedules for audit</li> <li>First payment of General Annual Grant</li> <li>Revised Academies Financial Handbook comes into force</li> <li>Land &amp; Building valuations for recently opened academies</li> <li>Guidance on Academies Accounts Return</li> <li>First 6 weeks – submit Land &amp; Buildings Information Form</li> </ul>	<ul style="list-style-type: none"> <li>Second Pupil Premium payment (paid in April to March financial years)</li> <li>Autumn Census, this will determine future funding</li> <li>External Audit Commences</li> <li>ESFA publishes details of Condition Improvement Funding (CIF)</li> <li>Land and Buildings Collection Tool (LBCT) submitted to ESFA</li> <li>Academies to consult on admission arrangements every 7 years or if changes proposed</li> </ul>	<ul style="list-style-type: none"> <li>Primary Sports Grant Payment</li> <li>Deadline for new CIF applicants</li> <li>Workforce Census (2 Nov)</li> <li>Audit Committee reviews accounts</li> <li>Board to approve accounts</li> </ul>
December	January	February
<ul style="list-style-type: none"> <li>Deadline for CIF applications</li> <li>Submit Audited Accounts &amp; Auditors Management Letter to ESFA</li> <li>First 4 months – submit Financial Management &amp; Governance Self-Assessment Form (FMGS)</li> </ul>	<ul style="list-style-type: none"> <li>Audited accounts and statements published on Trust website</li> <li>Academies Accounts Return (AAR) submitted to ESFA</li> <li>Spring Census, this will determine Pupil Premium</li> <li>Third Pupil Premium Payment</li> </ul>	<ul style="list-style-type: none"> <li>Academies must determine admission arrangements for September next year</li> <li>Academies must publish admission appeals timetable for current year</li> <li>ESFA publishes guidance on funding allocations to academies</li> <li>ESFA publishes guidance on Budget Forecast Return (BFRO)</li> </ul>
March	April	May
<ul style="list-style-type: none"> <li>Academies must publish admission arrangements for September next year &amp; advise Local Authority</li> <li>ESFA issues revenue funding allocations to Academies</li> <li>ESFA issues 16 to 19 allocations</li> <li>ESFA publishes CIF outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Final Pupil Premium Payment</li> <li>ESFA publishes guidance on 16 to 19 funding regulations and rates</li> <li>Teachers' Pension Scheme issue guidance on End of Year Certificate (May deadline)</li> <li>Teachers' Pension Scheme issue guidance on Annual Service Return (July deadline)</li> <li>Local Government Pension Scheme year-end return (requirements vary by LGPS)</li> </ul>	<ul style="list-style-type: none"> <li>Summer Census</li> <li>Academies submit Budget Forecast Return (BFRO) to ESFA</li> <li>Companies House - Annual report and accounts to be submitted</li> <li>ESFA publishes guidance on Budget Forecast Return (BFR)</li> <li>ESFA publishes guidance on Academies Accounts Direction</li> <li>Teachers' Pension Scheme end of year certificate submitted</li> </ul>
June	July	August
<ul style="list-style-type: none"> <li>Devolved Capital Grant payment</li> <li>Final payment of UIFSM for academic year</li> <li>Finalise budget for next academic year, ensure Trust Board approve; if deficit budget is proposed the ESFA should be advised</li> <li>ESFA publishes Academies Financial Handbook for following academic year</li> </ul>	<ul style="list-style-type: none"> <li>ESFA make first quarterly pupil premium payment</li> <li>Academies submit Budget Forecast Return (BRF) to ESFA</li> <li>HMRC Annual Service Return completed for TPS (except where Academy has migrated to Monthly Data Collection (MDC))</li> </ul>	<ul style="list-style-type: none"> <li>Prepare for Financial Year End</li> <li>Pre audit meeting / visit completed by auditor.</li> </ul>

