

Ormiston Forge Academy

Financial Regulations

June 2017



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1. Introduction

The purpose of this manual is to ensure that Ormiston Forge Academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE) and Education Funding Agency (EFA).

The Academy must comply with the principles of financial control outlined in the Academies' financial handbook published by the DfE and updated annually. This manual expands on that and provides detailed information on the Academies accounting procedures. It should be read by all staff involved with financial systems.

2. Responsibilities

Ormiston Forge Academy has defined the responsibilities of each person involved in the administration of the Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

The Local Governing Body

The Local Governing Body(LGB) has overall responsibility for the administration of the Academies finances. The main responsibilities of the LGB are prescribed in the Funding Agreement between the Academy, the DfE and EFA. The main responsibilities include:

- ensuring that grant from the DfE and EFA is used only for the purposes intended;
- approval of the annual budget;
- appointment of the Principal and
- appointment of the Finance Director, in conjunction with thePrincipal.

The Finance & General Purposes Committee

The Finance & General Purposes Committee (FGP) is a committee of the LGB. It meets in the period leading up to Governors' meetings.

The main responsibilities of the FGParé detailed in written terms of reference to be authorised by the LGB. The mainresponsibilities include:

- the initial review and authorisation of the annual budget;
- the review of the medium term financial strategy of the Academy;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and any DfE and EFA guidance issued to Academies;
- authorising the award of contracts over£20,000;
- authorising changes to the Academy personnel establishment;
- reviewing the reports of the Internal Auditor on the effectiveness of the financial procedures and controls and;
- reviewing the annual external audit report of the Trust's appointed auditors.

The Principal

Within the framework of the Academy development plan as approved by the LGB the Principal has overall executive responsibility for the Academies activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director but the Principal still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the LGB have agreed should be approved by them;
- authorising contracts between £1,000 and £10,000 in conjunction with the Finance Director;
- signing cheques in conjunction with other authorised signatories.

The Finance Director

The Finance 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 FGP Committee. 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 the Academy financial position at a strategic and operational level within the framework for financial control determined by the LGB;
- the preparation of the annual budget and medium term financial planning;
- the maintenance of robust and 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;
- income generation and recording;
- making purchases in accordance with 'best value' principles;
- authorising contracts over £1,000 and up to £10,000 in conjunction with the Principal;
- retention of quotes obtained for goods, works and services;
- maintaining a formal register of contracts entered into, amounts paid and certificates of completion;
- management and monitoring of specific projects, e.g. capital projects;
- signing cheques in conjunction with the Principal or other authorised signatory;
- maintaining proper banking arrangements and records of account;
- certification of monthly payroll and liaison with payroll / pensions providers and;
- ensuring forms and returns are sent to OAT, DfE and EFA in line with the timetable and EFA guidance.
- obtaining appropriate legal advice

The Internal Auditor

The Internal Auditor is appointed by the trustees of Ormiston Academies Trust and provides Governors with an independent oversight of the Academies financial affairs.

The main duties of the internal auditor are to provide the LGB with independent assurance that:

- the financial responsibilities of the LGB are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and;
- financial considerations are fully taken into account in reaching decisions.

The Internal Auditor 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 LGB. A report of the findings from each visit will be presented to the FGP Committee.

Other Staff

Other members of staff, primarily the Finance Officer 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 the Academies property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academies financial procedures.

The Finance Officer can authorise orders below £1,000 in conjunction with budget holders/counter-signatories.

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 all Academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the Academy may purchase goods or services. The register of interest is updated on an annual basis.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

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 LGB or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

3. Insurance

Funds for insurance are delegated to the Academy and it must demonstrate it can recover all insurable interests. Ormiston Academies Trust operates a trust wide insurance policy on

behalf of all their Academies and as such Zurich Municipal Insurance Company is the present insurer.

The Finance Director deals with all insurance issues or claims and all losses have to be reported to the Police before a claim can be made against insurance. Details of all insurance policies held by the Academy are kept in the Finance Directors Office.

The Finance Director is responsible for ensuring Zurich are notified on a timely basis of all new risks, property, equipment and vehicles which require insurance or any other alterations which may affect existing insurance.

The Academy will immediately inform Zurich of all accidents, losses and other incidents, which may give rise to an insurance claim.

4. Taxation

The Finance Director ensures that senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance on this matter regarding the employment and contractual arrangements of individuals with regard to the avoidance of tax.

The Finance Director is responsible for ensuring that the Academy abides by the procedures issued by the HMRC (Her Majesty's Revenue & Customs) including those attributable to VAT.

5. Accounting System

All the financial transactions of the Academy must be recorded on the HOGAccess Dimensions financial accounting system. The HOG system is operated by the Finance Department and consists of:

Journals	Nominal Ledger	Bank Transactions
Purchase Ledger	Sales Ledger	Purchase Orders

System Access

Entry to the system is password restricted and the Finance Director is responsible for implementing a system which ensures the security of passwords and information held within the system.

Access to the component parts of the system can also be restricted and the Finance Director is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

The Finance Director is responsible for ensuring that there are effective back up procedures for the system.

The Principal and Finance Director also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made

by governors of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

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 purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be documented and authorised by the Finance Director prior to being input to the accounting system. Bank transactions should be input by the Business Manager and the input should be checked, and signed to evidence this check, by the Finance Director.

Transaction Reports

The Finance Director will obtain and review system reports to ensure that only regular transactions are posted on the accounting system. The reports obtained and reviewed will include:

- the suggested payments report;
- master file reports for the purchase and sales ledgers;
- management accounts summarising expenditure and income against budget at budget holder level;
- monthly control account reports and trial balance reports;
- The audit trail report.

Reconciliations

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

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- all suspense accounts;
- Bank balance per the nominal ledger to the bank statement.

The Finance Director will review and sign all reconciliations as evidence of review.

6. Financial Planning & Reporting

The Academy prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the Academies educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.

The development planning process and the budgetary process are described in more detail below.

Development Plan

The development plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academies objectives and targets to the resources expected to be available.

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

Annual Budget

The Finance Director is responsible for preparing and obtaining approval for the annual budget. The Principal, FGP Committee and the LGB must approve the budget.

The approved budget must be submitted initially to OAT and then to the DfE by 31st July each year and the Finance Director is responsible for establishing a timetable which 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 the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of EFA grant receivable;
- review of other internal and external income sources available to the Academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the Academy cost base;
- identification of potential efficiency savings and;
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

In addition, the medium term budget planning process will take into account the following additional elements;

- The medium term trajectory of pupil numbers as determined by the Local Authority, indicative trends can be assessed by Primary school numbers.

- National factors – the potential consequences of moving away from the locally determined funding formula to the National Fair Funding Formula.
- The medium term investment in the academies infrastructure.

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 should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail restructuring the staffing body, prioritising key areas and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the Principal, the FGP Committee and the LGB. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document, which may need revising throughout the year as circumstances change.

Monitoring and Review

The Business Manager will prepare monthly reports. The reports will detail actual income and expenditure against budget for all budget holders.

Any potential overspend against the budget must in the first instance be discussed with the Finance Director and then if required the Principal.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All significant budget virements must be authorised by the Principal and discussed at the FGP Committee.

7. Payroll / Pension Administration

The Payroll and Human Resources system is currently operated for the Academy via a trust wide contract with Education Personnel Management (EPM). It covers:

- staff appointments, including pre-employment checks;
- payroll and pension administration and
- payments.

Staff Appointments

The LGB has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the FGP 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 Senior Vice Principals whose appointments shall follow consultation with the Governors. The Principal maintains personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified, in writing, to the Finance Director and Human Resources Manager immediately.

Payments

After the payroll has been processed but before payments are dispatched via the electronic banking system a print (hard copy or e-mail) of salary payments by individual and showing the amount payable in total should be reviewed by the Business Manager and authorised by the Principal and/or Finance Director.

All salary payments are made by BACS. Exceptionally, payment may be made by cheque raised and signed in the Academy, e.g. if there has been a mistake that requires urgent rectification. Any such amendments will require the Finance Director's or Principal's authority.

The Business Manager should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Finance Director or Principal.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

On an annual basis, the Business Manager / Finance Director must check for each member of staff that the gross pay per the payroll system agrees to the record held on the personnel file by the Human Resources Manager.

8. Purchasing

The Academy wants to achieve the best value for money from all purchases. A large proportion of purchases will be paid for with public funds therefore it is essential to maintain the integrity of these funds by following the general principles of:

- *Probity*, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
- *Accountability*, the Academy is publicly accountable for its expenditure and the conduct of its affairs;

- *Fairness*, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

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

Routine Purchasing

Budget holders will be informed of the budget available to them for the new academic year during the week commencing 1st September. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder on a termly basis or as required. Budget holders are encouraged to keep their own records of orders placed.

Routine purchases up to £1,000 can be ordered by budget holders.

All orders must be made, or confirmed, in writing using an official requisition form, stocks of which are held in the Finance Office and are available to download. Orders must bear the signature of the budget holder and counter signatory and must be forwarded to the Finance Office where the Business Manager will check to ensure adequate budgetary provision exists.

Countersigned orders are recorded in the HOGES system, allocated a reference number and dispatched to the supplier by the Finance Officer.

On receipt of the goods, the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be notified without delay to the Finance Officer for him/her to discuss with the supplier of the goods.

If any goods which are rejected or need to be returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Officer must be notified. The Finance Officer will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the Finance Officer in the purchase ledger. The Finance Officer will stamp invoices with a grid against which the following can be evidenced:

- a) Goods/services received
- b) Goods/services as ordered
- c) Prices correct
- d) Invoice authorised for payment
- e) Cost centre and expense code(s)
- f) Arithmetically correct
- g) VAT treated correctly
- h) Payment authorised
- i) Payment made (detailing date of payment and unique reference number)

Boxes a) to e) above must be completed by the budget holder. Before completing these boxes, the budget holder must make a detailed check against the order and the GRN, and

these documents must be attached to the invoice before it is sent back to the Finance Office. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt. Boxes f) to i) will be completed by the Finance Officer.

If a budget holder is, pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress. When the budget holder has completed boxes a) to e) the invoice, order and GRN should be sent to the Finance Office. The Business Manager will then input details of payments to be made to the purchase ledger and generate the prints attached for authorisation by the Finance Director.

Hence, once the prints are authorised by the Finance Director and / or the Principal, BACS payment should be set up.

Orders from One Source of Supply

Where it is considered that there is only one source of supply (due to the specialised nature of the purchase), the Principal and Governors must satisfy themselves that competition is not possible and a record of details in support of the order should be kept by the Finance Director.

Orders over £1,000 but less than £10,000

At least three written quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods / services. Written quotations obtained should be passed to the Finance office together with the order requisition for audit purposes.

Orders over £10,000

All goods / services ordered with a value over £10,000 or for a series of contracts which in total exceed £10,000 must be subject to formal tendering procedures. Supplies or services over £164,176 (OJEU threshold from 1/1/16) may fall under EU procurement rules that require advertising in the Official Journal of the European Union (detailed guidance as to the OJEU thresholds is given in Annex 2e in the Academies financial handbook).

Forms of Tenders

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

- *Open Tender.* This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Principal & Finance Director how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to completion and the propriety of public funds.
- *Restricted Tender.* This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs;
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academies requirements;
 - the cost of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- *Negotiated Tender.* The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders;
 - one or very few suppliers are available;
 - extreme urgency exists;
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to:

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

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

Invitation to Tender

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

An invitation to tender should include the following:

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

Aspects to Consider

Financial

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

Technical / Suitability

- Qualifications of the contractor.
- Relevant experience of the contractor.
- Descriptions of technical and service facilities.
- Certificates of quality / conformity with standards.
- Quality control procedures.
- Details of previous sales and references from past customers.

Other Considerations

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

Tender Acceptance Procedures

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

Tender Opening Procedures

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

- For contracts up to £20,000 – two of the budget holders, the Finance Director or the Principal;
- For contracts over £20,000 – the Finance Director or the Principal plus a member of the FGP Committee.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

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

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

Full records should be kept of all criteria used for evaluation and for contracts over £100,000 a report should be prepared for the FGP Committee highlighting the relevant issues and recommending a decision. For contracts under £100,000 the decision and criteria should be reported to the FGP Committee.

Where required by the conditions attached to a specific grant from the DfE or EFA, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that demonstrates best value to the Academy. All parties should then be informed of the decision.

9. Income

The main source of income for the Academy is grants from the DfE and EFA. The receipt of these sums is monitored directly by the Business Manager / Finance Director, who is responsible for ensuring that all grants / income due to the Academy are collected.

The Academy also obtains income from:

- students, mainly for trips;
- the public, mainly for lettings and
- other public bodies, mainly for professional services (i.e. marketing).

Trips

The Business Manager is responsible for the collection of sums due. A record must be kept for each student intending to go on a trip showing the amount due.

Students should make payments at the main office. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

The Business Manager should maintain an up to date record for each student showing the amount paid and the amount outstanding. The lead teacher is responsible for chasing the outstanding amounts.

All trips are authorised using the EVOLVE system.

Lettings

The Office Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Receipts to be issued by the Office Manager and monies passed to the Finance Officer for banking. Details of the organisations using the facilities should be sent to the Finance Officer who will establish a sales ledger account and produce an invoice from the accounting system.

The Business Manager/Finance Director will chase outstanding debts in line with the approved debt recovery policy. No debts should be written off without the express approval of the LGB (the DfE prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

Custody

Official Academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Office safe.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Officer.

10. Cash Management

Bank Accounts

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

Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book.

- the amount of the deposit and
- a reference, such as the name of the debtor.

Payments and Withdrawals

All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories:

- Principal;
- Senior Vice Principals;
- Finance Director.

This provision applies to all accounts, public or private, operated by or on behalf of the LGB of the Academy.

Administration

The Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that;

- all bank accounts are reconciled to the Academies cash book;
- reconciliations are prepared for review of the Finance Director;
- reconciliations are subject to an independent review carried out by the Principal and Internal Auditor;
- any adjustments arising are dealt with promptly.

Petty Cash Accounts

Petty cash is used for the purchase of minor items, which have been budgeted for. The petty cash float is maintained on the imprest system and the Academy maintains a maximum cash balance of £400. The cash is administered by the Business Manager and the petty cash tin is held in the safe.

Deposits

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly to the bank.

Payments and Withdrawals

In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by either BACs payment or cheque directly from the main bank account as a cash book payment or through the payroll system.

Administration

The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be taken by the Business Manager to ensure that the cash balance reconciles to the supporting documentation.

In no circumstances are:

- personal cheques cashed through petty cash;
- staff loans paid through petty cash.

Physical Security

Petty cash is kept in a lockable cash tin and is stored in the safe overnight.

Cash Flow Forecasts

The Finance Director is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account, request a short term loan from OAT or to re-profile creditor payments to cover potential cash shortages.

Investments

Investments must be made only in accordance with written procedures approved by the LGB. All investments must be recorded in sufficient details 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 description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

11. Staff Expenses

Scope and Objectives

The objective is to obtain value for money from expenditure on travel and subsistence and to ensure that all such expenditure represents only necessary and reasonable costs incurred by or on behalf of employees who are engaged in Academy business.

Academy employees will be reimbursed the actual cost of expenses incurred, employees are expected to both minimise costs without impairing the efficiency of the Academy and to avoid any unnecessary cost.

The procedures for staff expenses have been prepared to meet Inland Revenue requirements and comply with taxation legislation. Any claims that do not comply with HMRC guidance will be reported on the P11D.

Authorisation

Reimbursement will only be made on production of receipts and invoices that have been duly authorised by the appropriate budget holder and upon completion of the expenses claims paperwork held in the Finance Office. Under no circumstances will self-authorised claims be paid.

Insurance

- **Employees' Own Cars**

When employees are using their own private car on Academy business they should ensure that their insurance cover extends to business use and the insurer should, if necessary be asked to endorse the certificate to confirm that driving in the performance of the employers business is covered by the insurance policy.

The Academy will not reimburse the cost of any damage caused to an employee's private car or associated insurance excess. The cost of motoring offences cannot be reclaimed under any circumstances.

- **Academy Mini Bus**

If Academy employees have passed their category B (car) driving test before 1st January 1997, they can drive a minibus that is not being used for hire or reward as these licences automatically include the entitlement. This means that Academy staff with such a licence can drive a minibus carrying up to 16 passengers.

If they passed their category B (car) driving test after 1st January 1997, they may drive a minibus that is not being used for hire and reward if all of the following conditions are met:

- they are over 21 and have held a category B licence for at least 2 years;
- they receive no payment other than the recovery of their out of pocket expenses (e.g fuel and parking costs);
- they provide the service on a voluntary basis;
- the minibus is used by a non-commercial body (i.e. Academies) for social purposes.

Business Travel / Mileage Rates

Expenses may be claimed in accordance with regulations only where they are incurred on essential business journeys.

The definition of business travel is where the employee normally works at one location but occasionally travels to other premises. Employees are entitled to reclaim the costs they incur travelling in the performance of their duties provided the journey is not ordinary commuting or private travel. The Finance Director will provide advice and full details of reclaimable business travel.

Mileage rates are reimbursed in line with HMRC guidelines. Lower rates are applicable to mileage in excess of 10,000 miles per annum however this is not considered to be applicable to Academy employees.

	Up to 10,000 Miles
Car & Vans	45p
Motor Cycles	24p

An additional allowance of 5p per passenger per business mile for carrying fellow employees in a car or van can also be claimed.

Making Travel Arrangements

Employees must ensure that they have appropriate authorisation before making travel arrangements.

- Rail Travel

Where it can be justified in terms of working arrangements, taking advantage of reduced rates or the need to accompany colleagues from other organisations, senior members of staff may travel by first class. All first class travel must be justified to the Principal or Finance Director and agreed in advance of booking. On all other occasions, second class travel should be used. It is recommended that rail travel is booked well in advance of the date of travel in order to take advantage of reduced / discounted fares and that costs are further minimised wherever possible by committing to a particular train / time.

- Car Parking

Parking costs incurred in the course of travelling away from the normal place of work may be claimed via the expenses system. Parking fines and fines incurred for road traffic offences will not be reimbursed by the Academy.

- Hire of Taxis

The use of taxis should be restricted to essential localised journeys only and must be agreed in advance with the Principal or Finance Director prior to booking.

Subsistence

Employees may reclaim the actual cost of overnight accommodation where such costs have been incurred wholly, exclusively and necessarily in the performance of the duties of their employment. The cost of overnight accommodation cannot be reclaimed where the location is within a two hour journey distance by public transport of the claimant's normal place of work other than in agreed exceptional circumstances (e.g. when attending a conference). The reason for the exceptional circumstances must be given on the expenses claim form along with evidence to support the claim.

Actual expenses incurred (supported by receipts for all items) may be claimed up to a maximum of:

- £80 for Hotel Room (in exceptional circumstances, at locations where it would be unrealistic to expect accommodation to be available for £80 per night, a greater allowance for an overnight stay may be claimed but only subject to prior agreement of either the Principal or Finance Director)

-£25 for Evening Meal.

Hospitality

Food and beverages provided for departmental meetings and training events must be purchased from approved suppliers using the purchase ordering system. The costs must be reasonable. A central record will be maintained detailing the reason for the meeting and the names of attendees, this record will be kept in the main administration office.

Reimbursement of Expenses

Expenses incurred on behalf of the Academy are to be recorded in detail on the expenses claim form. Claims must be made within 3 months of the expenses being incurred. Claims submitted after 3 months will not be reimbursed. All expense claims from employees are paid by BACs directly to a bank account. All expense claim forms must be accompanied by a fully itemised receipt /ticket for all items claimed. Employees should ensure that expense claims are submitted promptly before 5th of each month. Expenses claims are paid monthly in line with payroll dates and will not be treated as an 'urgent payment'.

Incomplete or incorrect claims will not be processed but returned to the authorising signatory with an explanation as to why it cannot be processed. The claim should be completed fully and then returned to the Finance Office for processing.

12. Fixed Assets

Purchase of Assets

All assets purchased with a value over £1,000 must be entered in the asset register.

Asset Register

The asset register should include the following information:

- date of acquisition;
- description of the asset including a unique identification mark such as a serial number;
- cost;
- source of funding;
- location of asset;
- expected useful life of asset and
- name of staff member responsible for that asset.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;

- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the Academies financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the register to be permanently and visibly marked as the Academies property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the LGB. Inventories of Academy property to be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Principal and, where significant, should be sold following competitive tender. The Academy must seek the approval of DFE or EFA in writing if it proposes to dispose of any asset for which capital grant in excess of £20,000 was paid. Disposal of assets worth between £500 and £5,000 should be approved by the FGP Committee and of assets worth £5,000 to £20,000 by the LGB.

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

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

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

Loan of Assets

Items of Academy property must not be removed from Academy premises without the authority of the head of department. A record of the loan must be recorded in a loan book and booked back in Academy when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academies auditors.

