



EXETER MATHEMATICS SCHOOL  
SERVING CORNWALL, DEVON, DORSET AND SOMERSET

# Finance Policy

<b>Staff reviewer:</b>	<b>Scrutinised by link Governor:</b>	<b>Date signed off at Committee:</b>	<b>Date approved at Board:</b>	<b>Next review date:</b>
<i>Will Denford</i>	<i>Linda Peka</i>	<i>F&amp;R Committee 06.02.18</i>	<i>FGB 08.03.18</i>	<i>January 2019</i>

# Introduction

The purpose of these financial procedures is to support the Exeter Mathematics School (EMS) in its delivery of its School Improvement Plan whilst maintaining and developing core systems of financial control, which conform to the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Department for Education.

## 1 Organisation

Responsibilities are defined in respect of the administration of the schools finances in order to provide a frame work of accountability for governors and staff.

### Board of Governors

The governing body has overall responsibility for administration of the Academy's finances with the main responsibilities as prescribed in the Funding Agreement.:

- Ensure the grant from the DfE is used for the purposes intended
- Ensure that funds from sponsors are received according the Funding Agreement, and are used for the purposes intended.
- Approval of the annual budget
- Ensure a Schedule of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained
- Ensure the budget monitoring statements are a true and accurate record on income.
- Review and ratify both financial and risk management policies following initial approval by the Finance Committee.
- Ensure all duties carried out adhere to their statutory responsibilities within the Companies Act 2006

### The Finance Committee

The main responsibilities of the Finance and Resources Committee include:

- Initial review and recommendation of authorisation to the full Governing body of the annual budget;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring that variances against budget are reviewed and challenged where necessary.
- Ensuring that the school has up to date policies in place with regard to Finance and Risk Management.
- Maintenance and review of the school's Risk Register.
- 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 award of contracts as detailed in the Schedule of Delegation
- Authorising changes to the personnel establishment.
- Ensuring that the school has an effective system of internal controls in place in order to minimise risk.
- Reviewing the reports of the Accounting Officer on the effectiveness of the financial procedures and controls. These reports must be reported to the governing body.

## **The Headteacher (Accounting Officer)**

The Headteacher has overall executive responsibility for EMS.

The Headteacher is responsible for fulfilling the duties of the Accounting Officer in accordance with the Academies Financial Handbook.

The Accounting Officer who is personally responsible to the governing body for:

- Ensuring regularity, propriety, and compliance
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources
- The day to day organisation, staffing and management of the academy; and
- Compliance with the AFH and funding agreement

The Accounting Officer has the duty to take appropriate action if the governing body or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity.

## **The Business Manager**

### **The main responsibilities of the Business Manager**

Fulfilling the duties of the Principal Finance Assistant according to the guidance in the Academies Financial Handbook.

The Business Manager is responsible for:

- The day to day management of financial issues;
- The management of academy's financial position;
- The maintenance of effective systems of internal control; and
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying financial records of the Academy;
- Communication with the auditors
- Preparation of management accounts
- Setting and monitoring the budget
- Medium term financial planning
- Ensuring the maintenance of the school's accounting records.
- Reviewing and authorising monthly payroll information.
- Making purchases in accordance with the principles of 'best value'
- Ensuring returns are submitted to the DfE within their reporting deadlines.

## **Finance Staff**

Finance staff have financial responsibility as detailed in their Job descriptions and the Schedule of Financial Delegation. Where applicable, these comply with the guidance in the Academies Financial Handbook.

## **Other Staff**

All staff are responsible for the security of Academy property in their care, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and conformity with the requirements of the Academy's financial procedures. Where property is used outside the premises, a register is kept of the equipment in use and the staff responsible.

## **Audit**

Internal Audit is performed by two qualified members of the Finance Committee. The main duties of the Internal Audit team are to provide the governing body within on-going independent assurance that:

- The financial responsibilities of the governing body are being properly discharged;
- Resources are being managed in an efficient; economic and effective manner;
- Policies in place with regard to purchasing, competitive tendering and delegation of responsibilities are being correctly applied.
- Sound systems of internal financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

The internal Auditors undertake a programme of the checks and balances in accordance with the recommendation from the Finance Committee. A short report is produced for the Finance Committee following each inspection visit, so that both action points and progress on previous items can be incorporated into the Finance Committee Meeting Minutes.

External Auditors are appointed to carry out an independent audit of the school financial records and procedures; produce the annual Financial Accounts and the Annual accounts return within the required time frame to allow submission to Companies House in order to comply with statutory requirements and to the EFA by the Business Manager.

## **Fraud and Irregularity**

As directed in the Academies Financial Handbook; the Headteacher must report to the Finance and Resource Committee any instance of fraud, regardless of value.

The Headteacher must also inform the ESFA and the Board of Governors immediately of any instances of fraud or theft exceeding £5000 individually, or £5000 cumulatively in any financial year. Staff who have concerns should refer to the whistle blowing policy in the first instance.

## **Register of Interests**

Exeter College and Exeter University as sponsors of the school should provide their services at cost and not make profit out of any contract, service or sale they make to the school.

It is vital that governors and staff act, and are seen to act, impartially. All members of the governing body are therefore required to complete an annual declaration of business interests. The Headteacher and other senior staff are also required to complete declaration. The register is held by the Clerk to Governors.

Declarations should include all business and pecuniary (monetary) interests such as directorships, shareholdings and other appointments of influence within a business or other organisation. They should also include interests of related persons such as a parent, spouse, child, cohabite and business partner where that person could exert influence over a governor or member of staff.

## Register of Gifts and Hospitality

Care must be taken by Governors and staff when accepting any hospitality of gifts especially from suppliers/ organisations entering into a tender process with EMS

The general principles of receiving gifts and hospitality are:

- Hospitality should only be accepted if there is a genuine need to represent the school
- Gifts made to EMS (including directly to EMS staff e.g. a gift from a student or parent to a teacher), can be accepted if they are:
  - Limited in value (under £25)
  - are not cash or a cash equivalent e.g. gift voucher
  - are such a nature that public disclosure of the gift would not embarrass EMS
- Gifts made above this amount; should be approved by the Headteacher or Business Manager, and only be accepted in exceptional circumstances. They should have regard to reasonableness of value, purpose, openness, and identity of the person/organisation providing the gift.

All personnel should inform the Business Manager of gifts and hospitality received over £25. A Register of gifts and hospitality is kept.

The Business Manager keeps a register of all gifts made to staff or other persons on behalf of EMS. Gifts to staff or other persons must be financially reasonable relative to the reason the gift is given. Authorisation must be received from the Headteacher before any gift is purchased through the normal school procurement system.

## 2. Financial Planning

### Annual Budget

The Business Manager is responsible for the preparing and obtaining approval for the annual budget. The Finance Committee and the Full governing body must approve the budget.

The approved budget must be submitted to the DfE each year by the deadline set by DfE and the Business Manager is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures the submission date is met.

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

The budget planning process will incorporate the following elements:-

- Forecasts of likely pupil numbers to estimate the amount of DfE grant receivable
- Review of other income sources
- Historical review of past performance against budgets
- Identification of efficiency and budget containment actions
- Annual review of expenditure headings to reflect known changes

The draft budget should be presented to the Headteacher, the Finance Committee and full governing body together with a supporting report for approval. Once the draft budget is agreed this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

## **Medium Term Financial Planning**

The medium term financial plan is prepared, in conjunction with the annual budget, in order to show how the school's objectives are going to be achieved within the expected funding agreement within the next 5 years. This plan should be linked to the School Development Plan and reviewed at a minimum annually, In line with guidance published by the ESFA.

## **3. Budget Management**

Monthly budget monitoring reports will be prepared by the Business Manager. The reports will detail actual income and expenditure against budget for the Headteacher. Summary level Budget monitoring reports are prepared for the Finance Committee.

The monitoring process should be effective in highlighting variances in the budget so that appropriate action can be taken in a timely fashion to correct any significant over or under spending and plans formulated in this regard for consideration at Finance Committee.

The Finance Committee will direct the Business Manager as to the quantity and detail of financial information presented to the Committee to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

## **4. Reporting**

### **Budget Forecast Return**

The Business Manager is required to prepare the Forecast Financial Outturn for the current financial year and submit a copy of its Approved Annual Budget to the DfE in the form of the Budget Forecast Return by the 31<sup>st</sup> July annually.

The Annual Budget summarises the planned income and expenditure for the forthcoming year running from 1<sup>st</sup> September to 31<sup>st</sup> August.

### **Annual Accounts**

As a Charitable company EMS must comply with company law as set out in the Companies Act 2006. This includes a requirement to prepare a governors' report and financial statement ('annual accounts') and for these to be independently audited by a registered auditor. Financial Statements should be prepared on the accruals basis to 31<sup>st</sup> August each year. They include:

- Incoming resources from all sources receivable in the period
- Resources expended on all activities within the period
- All assets and liabilities of the Academy at the balance sheet date
- All cash received and expended within the period
- Notes to the accounts

For 2017-18, Bishop Fleming have been retained as our External Auditors to perform the Financial Audit, produce the Financial Statement and Governors Report, and the Annual Accounts Return.

The Financial Statement and Governors Report will be produced by our External Auditors and must be submitted by the Business Manager to the ESFA by 31st December each year.

The Annual Accounts Return must be submitted by the External Auditors to the ESFA by the 19<sup>th</sup> January each year.

## 5. Accounting System

All financial transactions must be recorded on the Sage accounting package. Access rights within the Academy's accounting package are defined for each user with a unique ID and password.

- All financial transactions relating to the Academy's budget must be recorded using the accounting package. There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act.
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.
- The Sage Accounting system is held on the Finance Administrator computer. The Finance Administrator takes daily backups as and when Sage is updated. Business Manager takes additional backups, when required. The finance information is also held on a central virtual drive and can be restored in event of an emergency.

### Transaction Processing

Authorisation procedures have been implemented taking into account that EMS is a small school with only a Business Manager and Finance Administrator. The schedule of delegation and transaction processing procedure has been agreed by the external auditors and is reviewed annually.

All transactions processed in the accounting system must be authorised in accordance with the Schedule of Delegation.

EMS operates a purchase order system to ensure the school is aware of all the commitments it has made. An order form detailing the items and cost of items must be completed, authorised by the Business Manager and Headteacher before any goods and services are purchased in accordance with the Schedule of Delegation.

The purchase of small incidental items and any exception to this must be agreed by the Business Manager and Headteacher

Bank Transactions are input by the Finance Administrator, checked, and signed by the Business Manager monthly.

The Business Manager carries out bimonthly reconciliations in respect of the sales, purchase, payroll, bank, cash, suspense and nominal ledgers, posting and recording journals as required.

## 6. Monitoring of Payroll

The governing body have approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance to the Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Head Teacher has the authority to appoint staff within authorised establishment. The Exeter College HR department are retained on a service level agreement and will maintain personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager to enable robust budget monitoring of the Salaries budgets.

All Payroll transactions relating to Academy staff permanent or casual (non-agency) will be processed through the payroll system. Bishop Fleming are the currently providers of the payroll service. Payments for employment will not be made to staff through any other mechanism.

All personnel files shall be stored in a lockable cabinet. Only the Head Teacher, HR Department and Business Manager will have access to staff files but individuals can request to see their own files in line with data protection policies.

The HR Department is responsible for keeping the staff personnel database and Single Central Record up-to-date.

### **Monitoring of the salaries /budgets**

The Business Manager undertakes a bimonthly reconciliation of individual staff payroll costs between current month and budget advising the Headteacher of any variance.

The Business Manager reconciles staff salary costs against the contract of employment annually and when a staff contract change has been implemented.

## 7. Purchasing

The School's aim is to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient and effective way, within available resources. Validation of performance achieved wherever practicable. The Schedule of Delegation is applied to each purchase to establish the method by which goods and services are obtained e.g. order form, Tender etc.

All goods and services purchased are for the sole use of the school and not the private use of governors and staff.

The purchase order system plus the authorisation procedure ensures that there is a clear segregation of duties within the small finance team.

Exeter College IT department is retained by EMS on a service level agreement. Any purchases made on behalf of EMS must follow the school order system and purchasing procedures as identified in the Schedule of Delegation.

The Headteacher, Finance Administrator, Pastoral Accommodation Tutor and Outreach Coordinator hold Credit cards. Purchase orders are required for all purchases with the exception of the weekly food purchased for accommodation.

Each member of staff holding a credit card is responsible for submitting a VAT receipt for each purchase made to the Finance Assistant within one week of purchase.

A fuel card is held for purchasing fuel for the use of the school car. A VAT receipt should be obtained with each fuel purchase and submitted to the Finance team within one week of purchase.

### **Staff expenses**

Activities that will incur staff travel etc. expenses should be pre authorised by the Headteacher or Business Manager. Staff should ensure they submit their staff expenses within one calendar month and attach all relevant receipts and authorisation.

### **Orders for Goods and services**

Orders will be raised via the financial system with the exception of utilities, rates, accommodation food and petty cash via a receipt of requisition form, signed by a relevant budget holder, Business Manager and Headteacher. As set down on the Schedule of delegation when the value of an order is over £1000, the order must be accompanied by 2 competitive quotes. For orders valuing £3000 to £10,000 the order must be accompanied by 3 competitive quotes. A tendering process should be used for orders valuing £10,000+. Orders will be authorised and raised only if the competitive quotes are present and correct.

Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practicable or there is an emergency and with prior approval from the Business Manager/ Headteacher. In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.

### **Exceptional circumstances**

In exceptional circumstances, there may be the need to purchase urgent goods or services e.g. fixing a major water leak within the building. In those exceptional and emergency circumstances; the process above can be temporarily stalled, if too ensure such urgent issues are rectified immediately.

The approval of such emergency urgent goods or services request must be approved by either the Headteacher, Business Manager, or Chair of the Finance & Resources Committee.

### **Payment of Accounts**

Invoices will be paid when the budget holder has shown approval that goods or services have been received and are of the quality expected. Any discrepancies must be notified to the Finance Administrator for appropriate action to be taken.

The Finance Administrator will ensure that: BACS payments receive the required authorisation: cheques are sent out with the required numbers of signature(s) and that all controlled stationery is stored in a locked cupboard. Petty cash is only used for small purchases and a VAT receipt is received for each purchase.

All cheques and cash are to be stored in the secure storage and the keys held within a locked cabinet.

Suppliers should be paid within their set payment terms with consideration given to school closures in holiday periods.

## **8. Cash Purchases**

## **Small items of Expenditure**

A Petty Cash float of £200 is kept for small items of expenditure up to an approximate value of £10. Payments of petty cash will not be made without receipts and authorisation. The Petty Cash system is not for benefit of staff to cash personal cheques. The Headteacher and Business Manager may authorise an increase in this limit in special circumstances.

VAT receipts will be obtained for purchases where appropriate.

The Petty Cash float is maintained by the Finance Administrator. The Business Manager will arrange a spot check to verify the petty cash float at least once a term.

## **Student trips**

When it is necessary for staff to have access to money during a trip every effort will be made to minimise the amount of cash being carried by prepaying any trip costs. Authorisation for cash to be taken may be given by the Headteacher or the Business Manager. The amount authorised will be consistent with the budget previously approved for the visit.

## **9. Income and Banking arrangements**

Official, pre-numbered receipts will be issued for all cash and cheques received. All cash and cheques must be held in secure storage in the Finance Office prior to banking. Banking will take place every week if required or more frequently if the sum exceeds the limit covered by the school insurance policy. Two members of staff should be present when cash is counted and large amounts of cash received. The staff should countersign the documents to confirm that the process has taken place under dual control.

The Finance Administrator is responsible for preparing reconciliations between sums collected, the sums deposited at the bank and the sums posted to the accounting system. Reconciliations must be prepared promptly in order that these can be reviewed by the business manager.

### **Trips**

A lead teacher must be appointed for each trip to take responsibility for budgeting for the trip. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy must be given to the Finance Team.

Students are directed to pay any monies due to the Finance Administrator who will keep the relevant financial records. A receipt must be issued for all cash and cheques collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

The Finance Administrator will maintain records of up to date payments made by students showing the amount paid and the amount outstanding.

### **Lettings**

The policy for lettings of premises is contained in a separate document. The Policy and charges will be reviewed annually and approved by the Finance Committee.

The Finance Team are responsible for raising invoices and for identifying the sums due for each organisation.

The Finance Team will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the governing body. (The DfE prior approval is also required if the debt to be written off is above the value detailed in the funding agreement).

## Debtors

As funded primarily from the ESFA the school has a low debt risk, the main risk arising from the charging for student Accommodation and travel passes. Each student is given and agrees to a written schedule of payments. The Finance Administrator (overseen by the Business Manager) is responsible for monitoring student accounts, sending reminders and chasing any debts that occur. The Aged Debtors are monitored by the Business Manager monthly.

- Debts consisting of a single debt or cumulative, associated debts amounting to under £500 may be written off by the Headteacher and raised to the Finance Committee
- Debts consisting of a single debt or cumulative, associated debts amounting from £501 to £4999 may be written off only with the approval of the Finance Committee
- Debts consisting of a single debt or cumulative, associated debts amounting above £5000 may be written off only with the approval of the Board of Governors
- Debts equal to 1% of total EMS annual income or £45,000 (whichever is smaller) per single transaction, OR cumulatively, 5% of total EMS annual income in any one financial year per category of transaction must be submitted to ESFA for approval to be written off.

The following debt recovery policy will be applied:

- If payment has not been received 30 days after invoice a reminder will be sent asking for payment within 7 days with a notice of further (unspecified) action to recover the debt.
- If payment is not forthcoming, a further reminder will be sent. If the debt is over £1500, a notice will be issued advising that the matter will be put into the hands of the nominated Solicitor if payment is not received within the next 7 days.
- If payment is still not forthcoming, for debts over £1500 the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.
- Debts of £1500 and less will be pursued without reference to the nominated Solicitor and will be reported on at Finance Committee meetings where governors will decide on action to be taken.
- Details of any debts written off (under £500) and any potential bad debts will be provided for each Finance Committee meeting.

## 10. Bank Accounts

The opening of all bank accounts must be authorised by the governing body who must set out in a formal memorandum the arrangements covering the operation of accounts.

## Deposits

Particulars of any deposit must be entered on a paying in slip and should include:

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

## Payments and withdrawals

All cheques and other instruments authorising withdrawal from the Academy bank account must bear signatures in line with the scheme of delegation.

## Bank Reconciliations

The Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a bimonthly basis. Reconciliations will be prepared by the Business Manager.

The credit card expenditure and balance must be reconciled monthly by the Finance Team

## Cash Flow Forecasts

The Business Manager is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to cover day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

## Investments

Investments must be made only in accordance with written procedures approved by the governing body.

## 11. Insurance

All insurable interests must be covered by a policy approved by the board of Governors.

EMS is currently covered by the ESFA RPA scheme.

The school does not accept the responsibility for the loss of personal possessions and it is the duty of all employees and students to have adequate personal insurance cover.

## 12. Fixed Assets

The asset register helps to ensure that staff take responsibility for the safe custody of assets, manage effective utilisation of assets, plan for their replacement and finally to support insurance claims in the event of fire, theft, vandalism or other disasters. The register also acts as a deterrent for theft.

All items purchased with a value of over £ 1000 (capitalisation limit) must be entered in an asset register. The asset register should include the following information:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding – Reference of invoice payment.
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset (if applicable)

The figures on the Register should be reconciled by the Business Manager to the figures in the Sage Accounting system at regular intervals, in order to ensure that the values on the system are accurately recorded.

### **Security of Assets**

All items in the register should be permanently and visibly marked as EMS property and there should be a regular annual count other than by the person maintaining the register. Discrepancies should be investigated immediately and if significant reported to the governing body.

### **Disposals**

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Manager and where significant should be sold through competitive tender. The Academy must seek approval in writing from the DfE if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is discouraged, as it is difficult to evidence the Academy obtained value for money.

Computer equipment should be disposed of to a licensed agency, and a certificate of secure disposal received to safeguard school information. School licensed software should be removed.

### **Loans of Assets**

Items belonging to EMS must not be removed without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in when it is returned. Loans to external parties must sign a declaration of responsibility

## **13. Keys Inventory**

The Key inventory is the responsibility of the Business Manager to maintain and will be kept up to date at all times. It is the responsibility of staff to report all lost and stolen keys to enable new security ensures to be put in place and for the inventory to be updated.

## **14. School car**

Staff must ensure that any expenditure regarding the school car must be made in line with EMS financial procedures and the School Car authorisation process.

## 15. Associated Documentation

- Anti-Bribery policy
- Charging and Remissions Policy
- Competitive Tendering policy
- Governor's Expenses policy
- Investment policy
- Lettings policy

**ANNEX 1**

## TENDERING PROCESS

All goods and services ordered over a value of £10,000 are subject to a formal tendering process. Purchases over £144,371 or construction work over £3,611,319 fall within EU procurement regulations.

### Invitation to Tender

An invitation to tender should include the following:

- Introduction/background including the scope and objectives of the project
- Technical requirements
- Terms and conditions of the tender
- Date and form of response

### Aspects to consider:

#### Financial

- Comparison of like with like cost
- Hidden costs
- Scope for negotiation

#### Technical

- Qualifications of contractor
- Experience
- Descriptions of technical and service facilities
- Compliance to CDM
- Certificates of quality and conformity
- Quality control procedures
- Details of previous sales and references from past customers

#### Other considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier

## **Tendering Procedures**

A minimum of two persons which should be included in the tendering process, at least one of the Headteacher or Business Manager should be present.

All tenders should be opened at the same time and a written record should be kept of the tendering process. Those involved should disclose all interests, which may influence their objectivity. Where there is a potential conflict of interest then that person must withdraw from the process.

Full records should be kept of all criteria used for evaluation and a report should be prepared to the Finance Committee highlighting the relevant issues and recommending a decision.

Where special conditions are attached to a specific grant from the DFE approval must be obtained prior to acceptance of the tender.

The accepted tender should be one that is most advantageous in terms of value for money and value of service to be received.

# SCHEDULE OF FINANCIAL DELEGATION

The School is aware of the EFA Academies Financial Handbook and Charities Commission SORP (Standards of Accounting Practice). These Financial Regulations are adopted by the Governing Body.

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Financial Management</b>				
Ensure the School's continuing compliance with the Academies Financial Handbook			✓	✓
Approval of the School's financial policies (Schedule of Delegation, Scheme for Financing Schools, Financial Regulations, charging, refunds, debt recovery, asset disposal, etc.)	✓	Review		
Ensure that all relevant financial updates are brought to the attention of the Finance Committee		ESFA Bulletins		✓

To consider all relevant financial updates and advise the Governing Body of any issues affecting the School's financial administration.		✓		
<b>School improvement Plan – financial implications</b>				
Prepare a fully costed improvement plan setting out the aims of the School.			✓	✓
Secure the implementation of the improvement plan with the collective support of the School staff.			✓	
Consider the draft School improvement plan, review and monitor it.		✓		
Approve an ongoing improvement plan and take stock of the progress of the plan on a termly basis.			✓	
<b>Financial Planning</b>				
Prepare a three-year medium term budget (MTFP) on the basis of the cost of current policies, the proposals for change (drawn from the School's improvement plan) and estimates of the level of future resources.			✓	✓
Consider the School's MTFP in the light of the development plan and the level of future resources.		✓		
Approve the School's MTFP and review this document in the light of any significant factors that come to the attention of the Governing Body.	✓			

<b>Annual Budget Plan and Best Value Statement</b>				
Prepare the School's draft annual budget and best value statement, based on the agreed objectives of the School as set out in the improvement plan, MTFP and key issues paper for consideration by Governing Body			✓	✓
Consider the draft School budget and key issues (links to the School improvement plan and MTFP) and the proposal of the balanced budget for the year for the approval of the Governing Body.		✓		
Approve the School's annual budget.	✓			
Review the guidance for the signing of the annual best value statement and ensure that appropriate steps have been taken by the School to obtain best value.		✓		✓
Approve the Best Value statement based on the work undertaken by the School and Finance Committee to ensure value for money has been established and ensure its submission to the Authority by 31 May each year.	✓			
<b>Annual Timetable for Budget Management</b>				
Prepare a timetable with key dates for annual budget management.				✓
Ensure that meetings are timetabled taking into consideration financial deadlines.				✓

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Budget Monitoring and Control</b>				
Approve virements between budget headings. Movements above this value to be referred to the Finance Committee before being undertaken.			£5000	
Approve virements of money between budget headings. Virements in excess of this amount to be approved by the Governing Body.		£5000-10000		
Approve virements between budget headings in excess of the delegation to the Finance Committee.	£10000			
Advise the Finance Committee and Governing Body of all budget movements (e.g. virements, allocation of additional funding, etc.) undertaken where not otherwise approved in advance by the Finance Committee or Governing Body.				✓
Review all budget movements undertaken (including virements), ensuring that the reasoning for the movements is sound.	✓ Over £10000	✓		
Monitor and control expenditure against the budget during the financial year, including preparation and approval of reports for the Finance Committee and Governing Body and the production of a register of staff responsible for managing budgets.				✓

Review Budget Monitor Reports.			✓	
Review the budget monitoring reports and the projected out-turn position termly.	✓	✓		
The control and monitoring of delegated budgets.				Departmental Budget Holders
Ensure that earmarked funds and large or trading activities are separately monitored and reported to the Governing Body.				✓

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Budget Monitoring and Control</b>				
Review earmarked funds, trading activities and large School operations, (e.g. boarding, extended School activities, hiring's, etc.) to ensure that the allocations are spent in accordance with the recognised terms and within the allocation set out in the budget.		✓		
<b>Financial Reporting to the Authority</b>				
The preparation of the year-end accounts and other returns required by the ESFA for consideration by the Accounting Officer Headteacher.				✓
In conjunction with the Governing Body, approve all year-end accounts and any financial returns required by the ESFA	Chair	✓	✓	
<b>Audit and Inspection Reports</b>				
Produce a formal response to the Internal Audit report and an action plan showing how the recommendations will be implemented.				✓
Consider the recommendations set out in Internal Audit report and the action plan proposed by the Business manager for implementing these.		✓	✓	
Ensure that the recommendations agreed by the School have been implemented.	✓	✓	✓	
<b>Retention and Disposal of Accounting Records</b>				

Ensure maintenance of complete financial accounts and full supporting records for all accounts.				✓
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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Retention and Disposal of Accounting Records</b>				
The retention, secure storage and disposal of accounting records in accordance with both legal and ESFA requirements.				✓
The maintenance of full financial records for all accounts.				✓
<b>Computer Systems and the Data Protection Act 1998</b>				
Ensure that the School complies with the requirements of the Data Protection Act 1998.			✓	✓
Ensure that the School's Data Protection registration is renewed annually				✓
The setting up and maintenance of access profiles for system users and the production and security of back-up disks and files.			✓	✓
Ensure Financial records are processed and recorded in accordance to the Academies Financial Handbook				✓
Ensure Financial records are processed and recorded in accordance to the Academies Financial Handbook				Finance Administrator
<b>Financial Systems</b>				

<b>Banking Arrangements</b>				
Open bank accounts and approve or vary signatures thereto, taking into consideration the restrictions set out in the ESFA Financing Handbook and any effect that this may have on the way the annual budget is advanced to the School.				✓
Authorise payments and be the sole signatory of cheques to a maximum of £1000			✓	✓

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Banking Arrangements</b>				
The signing of bacs/cheques for £1,000 to £9999 and reimbursements to the Accounting Officer Headteacher. Any 2 signatures (see Annex 2) of the following combination. A+B or B+B or B+C (HT should not sign own reimbursements )	Chair	Chair	✓	✓
The signing of bacs/cheques over £10000. Any 2 signatures (see Annex 2) from the following combination A+B.	Chair	Chair	✓	✓
The control and reconciliation of the School's bank accounts for consideration by the School Accounting Officer Headteacher.				✓
Approve the bank reconciliation on a monthly basis.			✓	
<b>Petty Cash</b>				
Agree, with the Finance Committee, an appropriate amount of petty cash to be held, currently £200, and the periodic check of completeness of financial records.				✓
The maintenance of accounting records, the security and regular reconciliation of petty cash.				Finance Administrator

Approve reconciliation on a monthly basis				✓
<b>Personnel and Payroll</b>				
Review the staff structure of the School			✓	✓
To review the financial implications of changes to staffing numbers and grades, and approve those with a compound annual effect over £10000.		✓		

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Personnel and Payroll</b>				
The filing and storage of personnel and pay records (including person specifications and interview notes for a least 6 months).				✓
Periodically reconcile gross pay with contracts and other authorised documents				✓
Implement the Schools pay policy and appointment procedures for all staff employed through the School.			✓	
<b>Purchasing – provision of goods and services</b>				
Set house rules for a purchasing policy, monitor and review the rules in accordance with ESFA guidelines.				✓
Monitor purchasing regulations to ensure compliance by the School		✓	✓	
Contracts Manager for the contracts taken out.				✓
Maintain a Contracts Register.				✓
Act as Contract Manager and monitor contracts on an on-going basis.				✓

Review contracts on an on-going basis (and as part of ensuring the School continues to achieve 'best value')				✓
Ensure that a minimum of 2 written quotes are obtained for purchases and contracts valued at over £1000 and up to a value of £3,000.				✓
Obtain best value for purchases under £1000				Finance Administrator
Ensure the ESFA approval is gained for all capital works.				✓
Ensure that a minimum of 3 quotes are obtained for purchases and contracts valued between £3000 and £10,000.				✓
Ensure that a minimum of 3 tenders are obtained for purchases and contracts valued over £10,000.	✓	✓	✓	✓
Ensure that EU regulations are applied for all contracts over the EU threshold. Purchase of goods and services over £144,371 or construction work over £3,611,319	✓			
Maintain a list of contacts for guidance and advice.				✓
Supervise contractors and service providers to ensure the receipt of best value for money and compliance with legislation.				✓

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Leasing</b>				
Seek approval for any proposed leases, other than operating leases, from the ESFA, so that capital controls imposed by Government can be taken into consideration.				✓
The maintenance of a register of all leases held by the School				✓
<b>Orders for Goods and Services and Payment of Accounts</b>				
The maintenance of an authorised signatory list for orders (subject to the limitations agreed).				✓
The authority for the signing of official orders for the purchase of goods and services up to the value of £1000.			✓	✓
Control the placing of orders for the purchase of all goods and services, up to a value of £10,000. A member of the Governing Body must countersign orders above that amount.	Chair	Chair	✓	
Approve orders for all goods and services (taking into consideration tendering requirements) Above £10001	Chair	Chair		
Approve capital projects.	✓	✓		

Maintaining purchase order system for goods and services purchased in the school on Sage: obtaining 3 quotes were necessary: confirming receipt of goods and services: keeping concise records				Finance Administrator
Purchases: Obtaining VAT invoices: checking invoices to deliveries/services received; posting invoices onto Sage when received: preparing supplier etc. payments by BACS or cheque. Ensuring suppliers paid within the recognized time frame. Keeping concise records.				Finance Administrator
Purchase invoice approval			✓	✓

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>VAT</b>				
Ensure VAT is claimed in accordance with current VAT regulations.				Finance Administrator
To monitor the regulations on VAT, ensuring compliance by the School.				✓
To complete and submit the reimbursement claim for VAT on a quarterly basis.				✓
The signing of the VAT reimbursement claims.				✓
<b>Income</b>				
Set a charging policy for consideration by the Governing Body			✓	✓
Approve the charging policy.	✓	✓		
Draw up proposed charges for the various areas of school income, on an annual basis.			✓	✓

Consider and approve the proposed charges for the various areas of School income for approval by the Governing Body annually.	✓	✓		
Management and reconciliation of debtors				✓
Set suitable controls for the recording and collection of monies due, and for the movement of banking of monies for all accounts under the control of the School.				✓
The control, collection and debtor control of all pupil income on Sage. Produce monthly debt report. keeping concise records				Finance Administrator
The preparation of receipts for banking. Banking receipts. Keeping concise records.				Finance Administrator

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Income</b>				
Authorisation of banking (dual controls)				✓

Approve procedures for chasing outstanding income due to the School (debt recovery policy).	✓	✓		
Write off bad debts. Amounts in excess of this limit to be approved by the Finance Committee.			✓	✓ <£500
Approve and write off bad debts accruing to the School over the value of £500. Items above £5000 must be referred to the EFA for approval.		✓		
Ensure the security of monies held on site.				✓
<b>Security of Assets, Stocks and Other Property</b>				
Produce and implement a policy for security arrangements at the School (including procedures for call-out and key replacements)			✓	✓
Approve and periodically review the policy for security arrangements at the School.		✓		
To determine a value above which assets should be Capitalised. Currently £1000		✓		
Ensure the physical security of the School's assets, and maintain and periodically inspect an up-to-date inventory.				✓
The security of physical assets.			✓	✓
The notification of any changes in physical assets to the inventory coordinator.				✓

To determine a value above which discrepancies in the inventory should be reported to the Governing Body.		✓		
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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Accounting Officer (Headteacher)	Business Manager
<b>Security of Assets, Stocks and Other Property</b>				
The physical inspection of the inventory on an annual basis or through an on-going programme of (random) sample checks.		✓	✓	✓
Prepare a policy for the disposal of surplus stock and equipment and property, other than land and buildings, and authorise items for disposal up to a maximum value of £2000.				✓
Approve the policy for disposal of surplus stock and equipment and the sale of property, other than land buildings.	✓	✓	✓	
Authorise items for disposal above a residual value of [£ 2000].		✓		
Maintain a register of key holders.				✓
<b>Insurance</b>				

Initiate adequate insurance cover for the School, and maintain a register of policies taken out.			✓	✓
Undertake an assessment of risk management for insurance purposes at the School.	✓	✓	✓	✓

## Annex 2

### Bank Signatories Mandate

#### Panel A

Chair of governors

3 designated governors

#### Panel B

Accounting Officer (Headteacher)

Business Manager

#### Panel C

Deputy Head

Teacher with Lead Responsibility

#### Limits

0 - £1,000 – Any one B

0 - £10,000 – A+B, B+B, or B+C

Unlimited – A+B

The inputting of all financial payments are undertaken by the Finance Assistant prior to the authorisation of the above Panels.

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## Annex 3

### **Finance Policy summary sheet for Governors – Exeter Mathematics School**

#### **Overall purpose of Finance Policy:**

**The purpose of these financial procedures is to support the Exeter Mathematics School (EMS) in its delivery of its School Improvement Plan whilst maintaining and developing core systems of financial control, which conform to the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Department for Education.**

#### **Responsibilities of Governors:**

- Ensure the grant from the DfE is used for the purposes intended
- Ensure that funds from sponsors are received according the Funding Agreement, and are used for the purposes intended
- Approval of the annual budget
- Ensure a Schedule of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained
- Ensure the budget monitoring statements are a true and accurate record on income
- Review and ratify both financial and risk management policies following initial approval by the Finance Committee
- Ensure all duties carried out adhere to their statutory responsibilities within the Companies Act 2006

#### **Responsibilities of the Finance and Resources Committee:**

- Initial review and recommendation of authorisation to the full Governing body of the annual budget;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring that variances against budget are reviewed and challenged where necessary
- Ensuring that the school has up to date policies in place with regard to Finance and Risk Management
- Maintenance and review of the school's Risk Register
- 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 award of contracts as detailed in the Schedule of Delegation
- Authorising changes to the personnel establishment
- Ensuring that the school has an effective system of internal controls in place in order to minimise risk
- Reviewing the reports of the Accounting Officer on the effectiveness of the financial procedures and controls. These reports must be reported to the governing body

#### **Finance Policy Summary:**

**Overarching rule** - All transactions must follow the agreed Schedule of Delegation.

**Fraud** – Head Teacher must inform EFA and Board of Governors of any instances of fraud or theft exceeding £5000 individually, or £5000 cumulatively in any financial year

**Register of Interests** – It is vital that governors and staff act, and are seen to act, impartially. Therefore all Governors are required to complete an annual declaration of business interests

**Gifts & Hospitality** – Care must always be taken when accepting Gifts and Hospitality. They should only be accepted in exceptional circumstances and the Business Manager must be notified. All gifts and hospitality must be recorded by Business Manager. Any gifts purchased must be approved by Head Teacher prior to purchasing procedure

#### **The Annual Budget**

- 
- This is prepared collaboratively by Business Manager & Head Teacher each year and must be approved by the Finance Committee & Full Governing Body.
  - Monthly monitoring of budget is by the Business Manager. This is then discussed (income vs expenditure vs budget) with Head Teacher
  - Quarterly summary reports are submitted to the Finance Committee by the Business Manager
  - A 5 year budget plan is also prepared by Business Manager and Head Teacher, which is submitted to the Finance Committee for approval
  - Once budget is approved; the Budget Forecast Outturn and Annual Budget is submitted by Business Manager to the DfE by the given deadline

#### ***The Annual Accounts***

- Comprising of the Governors' report and EMS Financial Statement, these documents should be prepared on the accruals basis to 31st August each year.
- Bishop Fleming will perform the Financial Audit, and produce the EMS Financial Statement, Governors Report, & Annual Accounts return.
- Business Manager will then submit this documentation to the EFA by the required deadline

#### ***Accounting System***

- SAGE Accounts is used by the EMS Finance Team.
- Only authorised staff (Business Manager and Finance Administrator) have access to SAGE.
- Backups are taken daily and are held on a central virtual drive which can be restored in an emergency

***Reconciliations*** - Business Manager and Finance Administrator produce reconciliations of all sales, purchase, payroll, bank, cash, credit cards, etc.

#### ***Payroll***

- Head Teacher has the authority to appoint staff within authorised establishment.
- The Exeter College HR department will maintain personnel files for all members of staff, which include contracts of employment.
- All personnel changes must be notified, in writing, to the Business Manager to allow effective budget monitoring.
- Bishop Fleming are the current providers of the payroll service. Payments for employment will not be made to staff through any other mechanism other than Bishop Fleming.
- Business Manager undertakes a monthly reconciliation of individual staff payroll costs. Major variances are reported to Head Teacher
- Business Manager reconciles staff salary costs against the contract of employment annually and/or when a staff contract change has been implemented

#### ***Purchasing***

- All goods and services purchased are for the sole use of the school and not for private use

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- A purchase order form detailing the items and cost of items must be completed, authorised by the Business Manager and Head Teacher before any goods and services (excluding weekly accommodation food) are purchased. Any other exception to this must be agreed by Business Manager and Head Teacher
  - The Head Teacher, Business Manager, Pastoral Accommodation Tutor and Outreach Coordinator hold Credit cards. Monthly reconciliations are done on all Credit Cards
  - When the value of an order is over £1000, the order must be accompanied by 2 competitive quotes
  - For orders valuing £3000 to £10,000 the order must be accompanied by 3 competitive quotes
  - A tendering process should be used for orders valuing £10,000 +
  - Orders will be authorised and raised only if the competitive quotes are present and correct.
  - Invoices will then be paid when the budget holder has shown approval that goods or services have been received and are of the quality expected
  - Finance Administrator is responsible for all BACS payments and to ensure they receive the required authorisation, and/or or cheques sent out with the required numbers of signature(s)

**Petty Cash** - A Petty Cash float of £200 is kept for the purchase of small items. Payments of petty cash will not be made without receipts and authorisation

#### **Trips**

- When it is necessary for staff to have funds during a trip, every effort will be made to minimise the amount of cash being carried by prepaying any trip costs
- Authorisation for cash to be taken for trips may be given by the Head Teacher or Business Manager
- A lead teacher must be appointed for each trip to take responsibility for budgeting of the trip
- The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy must be given to the Finance Team in advance

#### **Income**

- Official, pre-numbered receipts will be issued for all cash and cheques received by EMS
- All cash and cheques must be held in secure storage in the Finance Office prior to banking. Banking will take place every week if required, or more frequently if the sum exceeds the limit covered by the school insurance policy
- Two members of staff should be present when cash is counted and large amounts of cash received. The staff should countersign the documents to confirm that the process has taken place under dual control

**Lettings** – *See relevant policy for more information.* The Finance Team are responsible for raising invoices and for identifying the sums due for each organisation

#### **Debtors**

- The Finance Team will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the governing body.
- Each student is given and agrees to a written schedule of payments.
- The Finance Administrator (overseen by the Business Manager) is responsible for monitoring student accounts, sending reminders and chasing any debts that occur.
- The Aged Debtors are monitored by the Business Manager monthly.
- Debts under £500 may be written off by the Head Teacher.
- Debts arranging from £501 to £4999 may be written off only with the approval of the Finance Committee
- Debts above the level as detailed in the funding agreement must be submitted to DfE for approval to be written off.

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**Bank accounts**

- The opening of all bank accounts must be authorised by the governing body
- All transactions must follow the scheme of delegation
- All cash flow forecasts and bank reconciliations are completed by Business Manager

**Insurance** - EMS is currently covered by the EFA RPA scheme. The school does not accept the responsibility for the loss of personal possessions. It is the duty of all employees and students to have adequate personal insurance cover

**Fixed Assets**

- An asset register must be maintained by Business Manager
- All items purchased with a value of over £ 1000 (agreed capitalisation limit) must be entered into the asset register
- All items in the register should be permanently and visibly marked as EMS property and there should be a regular annual count other than by the person maintaining the register
- Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Manager and where significant should be sold through competitive tender

**Keys** – Maintained by Business Manager. It is the responsibility of staff to report all lost and stolen keys to the Business Manager

**School Car** - Staff must ensure that any expenditure regarding the school car must be made in line with EMS financial procedures and the School Car authorisation process