



Ibstock Community College

Respect and Pride brings Success

Finance Policy

September 2020

Review Date: Autumn term 2021

Reviewed by Chair of Business Management and Audit committee – Edward Hines.

Signed:

Dated:

Ibstock Community College is an exempt charity and a company limited by guarantee, registered in England with Company No 8135574 and has a registered address at Central Avenue, Ibstock Leicestershire, LE67 6NE

1. INTRODUCTION

- The finance policy and the financial regulations manual which is a separate document governs the financial arrangements relating to Ibstock community college's finances and accounts. These documents were first approved by the trustees of the academy upon conversion and are subject to review by the chair of the Business Management and Audit committee. Amendments of any significance would need trustee's approval and therefore, would need to be submitted to the full governing body accompanied with recommendations made by the committee.
- The academies financial handbook produced by the Education and Skills Funding Agency (ESFA), sets out the financial requirements for the academy trust (AT). The latest version can be found on the ESFA website.
- The college must comply with the ESFA's timeline for all key financial activities (e.g. the budget forecast return). Again information can be found on the ESFA website and Gov.uk. Regular bulletins are issued to communicate any changes or act as reminders. These also contain links to further supporting information and documentation.

2. DELEGATED AUTHORITY

- The AT's board of trustees / members are responsible for the control of the college's finances and are accountable for the public funding received. The Board need to ensure that the funding received is used for the purpose intended. It must undertake all duties and obligations defined in the Funding Agreement (including the annual publication of accounts) between the trustees and the Secretary of State for Education.
- The executive head (as the accountable officer) is responsible, under the board of trustees guidance, for implementing agreed policies and maintaining day to day control of the college finances and accounts.
- The business manager (as the chief financial officer) shall assist the executive head in the discharge of financial responsibilities.
- A list of delegated authorities approved can be found in Appendix A.
- The following staff are designated as cheque and BACs signatories:
 - Chair of Governors
 - Executive Head
 - Head of School
 - Business Manager
 - HR /Administration Manager
- All cheques and BACs payments must be authorised by two people. Signatories may not sign a cheque or authorise a BACs payment reimbursing themselves.
- Remote second authorisation for BACs payments during school closures has been agreed, see the Financial Regulations Manual for procedures.
- However, the AT and its trustees will remain accountable when financial responsibilities are delegated.
- The bank mandate - signing instructions for non-payment transactions (i.e. change of address, overdrafts etc.) require two to sign, one must be the executive head or chair of governors.

3. ANNUAL BUDGET

- An approved budget must be submitted to the DFE (via the ESFA) annually in line with the deadline set. The business manager is responsible for establishing a timetable to meet the ESFA timeline allowing sufficient time for the approval process which ensures the submission date is met.
- The board of trustees in conjunction with the executive head shall decide on the order of priorities from the strategic development plan (medium term) and the college improvement plan (short term) and there needs to be a clear link to the budget set.
- The business manager shall prepare the detailed costings and submit them for approval to the Business Management and audit committee.
- All plans and budgets should be regularly reviewed during the year and all significant changes will require the approval of the trustees.
- Variances in the budget must be investigated and action taken appropriately.

4. REVENUE BUDGET CONTROL

- The executive head will be responsible for the control of spending against budgets. A commitment accounting system called Civica is in place to monitor current commitments and liabilities.
- Regular budget monitoring reports will be prepared for the executive head. A bank reconciliation will be undertaken as soon as the bank statements have been received by the finance officer but at least monthly and checked by the business manager.
- A VAT analysis will be undertaken quarterly and submitted on line to HMRC under the guidance of the accountants.
- All trustees must see financial reports six times a year and the chair of governors monthly. Therefore information will be published on the governors section on SharePoint monthly to all governors. Any questions or queries will be sent to the business manager, a summary of which will be recorded at the following business management and audit committee meeting.
- The most recent reporting pack will be considered at the Business Management and audit committee along with details of variances to the budget for discussion.
- Budget holders will receive a financial transaction budget report each half term and upon request if required.

5. PAYMENTS SYSTEMS

- The business manager shall be responsible for making all payments on behalf of the college.
- All invoices passed for payment must be properly certified and evidenced by the relevant designated staff. Payments shall be made on original invoices only.
- Before certifying an invoice for payment, designated staff must be satisfied that for the goods and services delivered:
 - An official purchase order has been raised for the purchase
 - That the delivery note has been checked
 - That it is of correct quantity, quality and price
 - That it has not been previously paid

- That funds are available in the relevant budget
- That the VAT chargeability on qualifying expenditure is shown

6. ORDERS FOR GOODS AND SERVICES

- Staff may order goods and services from whatever reputable source they see fit; but will be expected to take achieve the best value for money. It is recommended that approved suppliers are used where possible.
- An official order (purchase order) must be made for all expenditure on goods and services initiated by the college.
- Orders must be completed in accordance with the following procedures:
 - Authorised by designated staff only
 - Show expected prices on the order form
 - Sent to the supplier through the finance team
- Copies of all purchase orders will be retained in the purchase order file which is kept in the finance office.
- The original invoice will be circulated to designated staff for approval and scanned onto the finance system. The finance officer is responsible for making the payment.
- Non-order purchases will only be placed when it would affect the smooth running of the college and which will deliver greater value for money in terms of the smaller online purchases. Incidences such as emergency property repairs may be confirmed without a purchase order however they need to be authorised by the senior premises officer or the business manager. The catering manager is also authorised to make non-order purchases for standard daily/weekly food supplies.
- Internet ordering is permitted under strict control when it is in the college's best interest. Full procedures are documented in the financial regulations manual.

7. QUOTATIONS

- In accordance with obtaining value for money, staff must obtain:-
 - 1 verbal quotation + ESPO for goods or services of a value between £500 and £1,000
 - 3 verbal quotations for goods or services between £1,001-£5,999
 - 2 written quotations for goods or services between the values of £6,000 - £9,999
 - 3 written quotations for goods or services between the values of £10,000 – £25000 and approval is required by the principal.
- Orders over the value of £25,000 are subject to a formal tendering process and require governor approval.
- A summary sheet should be maintained comparing the quotations received and providing rationale where the lowest quotation is not being taken up.

8. CASH ACCOUNTS

- The college does not currently operate any petty cash accounts.

9. TRAVEL AND SUBSISTENCE

- Payment shall be made in accordance with the millage rates set by the government through HMRC.
- Car user allowances, both casual and essential, will only be paid centrally by the payroll provider who, in turn, will submit the necessary return to the HMRC. (Home to office is taxable).
- All staff must be covered for business trips on their insurance policy.

10. SALARIES, WAGES AND PENSIONS

- The AT is responsible for the salary and wages costs of all staff employed to work at the college. The contract of employment is between the employee and the AT.
- The business manager must ensure that the school provides the necessary information and returns to its chosen payroll provider to effectively administer the payroll and related staffing procedures.
- All salary documentation (e.g. starters and leaver's forms and alterations to contracts) can be signed by the executive head or business manager. The executive head is responsible for signing all documentations relating to members of SLT and the chair of governors is responsible for signing documentation relating to the executive head.

11. CONTRACTS

- The college will enter into contracts for the provision of goods, services, materials and work within the procedures laid down in academies financial handbook.

12. INCOME

- Income should be collected in advance wherever possible to improve cash flow.
- The business manager must maintain records of all income received/due; acknowledge receipt of income; and bank all money paid promptly into the college's bank account.
- Bank paying-in slips should show clearly the split between cash and cheques and list each cheque individually.
- All monies must be kept securely locked away until collection for banking by the security firm (weekly during term time and as necessary during holidays).
- There should not be amounts of money kept on site in excess of that which is covered by insurance.
- The AT shall approve a charging policy for all income generation.

13. CARD PAYMENT SERVICE FOR LEISURE CUSTOMERS

- Customers who use the leisure and school lettings facilities are able to pay by a contactless card payment service operated by Lloyds bank.
- Cards accepted include both debit and credit cards and in addition Google and Apple Pay.
- All transactions are entered through the leisure till system and settlement of funds are credited to the college bank account.
- The business manager must ensure a full audit trail is available between the till system reports and the amount credited by Lloyds Bank.

- To ensure compliance with the Payment Card Industry Data Security Standards (PCI DSS) requirements a Financial Data Handling Security Policy must be signed by any member of staff that is processing card payments.

14. BAD DEBTS

- The Executive head and governors must be satisfied that the processes for chasing debts have been followed and that the debt has become uneconomical to pursue.
- The delegated authority approved by the AT to write off bad debts can be found in Appendix A.
- Aged Debts – Action to take to try to recover debts:-
 - (a) Run off list of aged debts each month
 - (b) Statement to be issued after 30 days
 - (c) Letter chasing payment after 60 days giving 15 days in which to pay sent
 - (d) Threat of legal action after 75 days
 - (e) Withdrawal of use of facilities (where possible)
 - (f) Pass to LCC legal Department to take legal action
 - (g) Write off debt if (a) – (f) fail to obtain payment (subject to necessary approval)
- In the case of larger debts the AT must comply with the liabilities and write-off conditions set out in the academies handbook. Beyond these limits the AT must prior approval of the Secretary of State (through the ESFA).

15. BANK ACCOUNTS

- The trustees shall authorise the opening and closing of all bank accounts and the following procedures must be followed:
 - Cheque and BACs payments signatories are described in point 2
 - The business manager shall ensure that:
 - bank statements are received monthly and reconciled to accounting records
 - all discrepancies are investigated and resolved
 - cheque books are ordered in a timely manner and unused books are securely held.
 - where possible, that the total amount of cash including voluntary funds, held on the premises shall not exceed the stipulated insurance limits.
- Under no circumstances shall private cheques be cashed through the college account or personal loans be provided. Nor shall money, cheques, etc. belonging to the college be paid into a private bank account.

16. SCHOOL TRIPS

- The college will use ParentPay where possible to collect income related to school trips.
- An accurate account of pupil contributions must be maintained and made available to parents which demonstrates whether all pupils have paid as well as providing a clear audit trail.

17. CARRY OVER OF SURPLUS/DEFICIT

- Any surpluses at the end of the year will be carried over to the following year.

- The AT must inform the Secretary of State (through the ESFA) immediately if a deficit is anticipated in the current year.

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18. RESERVES AND INVESTMENTS

- The trustees shall authorise all investment of money under the AT's control. See refer to the Investment & Reserves policy

19. ASSET SALES, LEASING AND TENANCY AGREEMENTS

- AT obligations and procedures relating to asset sales, leases and tenancy agreements are listed in the academies financial handbook.

20. INSURANCE

- Insurance will be required for third party liabilities, premises and equipment; and school trips.
- The AT must ensure that all insurance cover is adequate and are required to meet the excess from insurance claims or any losses not covered by insurance.
- The trustees shall inform the college's insurers of all accidents, losses and incidents that may give rise to an insurance claim. The data manager will maintain a register of all accidents, losses and incidents.
- Staff are responsible for insuring their vehicles for business use.

21. HEALTH AND SAFETY

- The AT must ensure that all staff comply with the Health and Safety regulations. Staff can find information relating to their responsibilities in the H&S policy and staff handbook.
- The executive head will report significant injuries to all persons, including staff/parents/pupils/visitors.

22. PROTECTION OF PRIVATE PROPERTY

- The executive head must inform all persons concerned that all private property taken onto the college premises will be at the owner's risk.

23. INVENTORIES

- The executive head is responsible for the management of the college's assets. The delegated authority approved by the AT for asset disposal can be found in Appendix A.
- Senior premises officer maintain an inventory of all non-consumable items purchased priced over £200. The inventory must be regularly updated in respect of purchases and disposals. Attractive, portable items having a value less than £200 should also be included on the inventory.
- The executive head should ensure that items that become obsolete or surplus to the college's requirements are disposed of economically.
- The executive head shall certified the annual inventory.

24. SECURITY

- The executive head is responsible for the security of the college's premises and equipment.

25. FINANCIAL IRREGULARITIES

- The executive head as the accounting officer is responsible for the prevention of loss through fraud and irregularity and the board of trustees are also responsible for preventing such losses of public funds.
- The AT shall, as far as possible, address the risk of fraud and financial irregularities occurring through the internal controls and assurance arrangements put in place
- All instances of fraud or theft committed against the AT, whether by employees, governors or third parties, above £5000 must be reported by the AT to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

26. INTERNAL AUDIT

- The AT must have a programme of internal scrutiny in place to provide independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively. The ESFA, accountants and internal auditors will be allowed access to staff, premises and documents, as required.
- The trustees shall discuss all audit reports and agree the implementation of audit recommendations with the executive head.

27. DOCUMENT RETENTION

- The executive head shall ensure that documents are retained for periods in accordance with the requirements of the DFE, accountants, auditors, HMRC and Customs and Excise.

28. GIFTS AND HOSPITALITY OFFERED BY SUPPLIERS

- Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25.00 should be reported to the executive head or chair of governors in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the college for items other than travel expenses.
- Information is detailed in the staff handbook to serve as a reminder.
- Staff must also be aware of the implications of the Bribery Act 2010, reference is made in the Anti-fraud policy.

29. REGISTER OF BUSINESS INTERESTS & A PERSON OF SIGNIFICANT CONTROL

- Registers of business interests and persons of significant control (PSC) must be maintained by the AT which adheres to the ESFA's guidance provided in the academies financial handbook. Details can be found in the financial regulations manual under section 2 and organisation.
- This information is open to public inspection and must be published on the college's website.

30. COMPUTER SYSTEMS AND DISASTER RECOVERY PLANS

- Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed in line with ICT policy and updated for staff changes.

- The executive head should ensure that:
 - data is backed up regularly and that all back-ups are securely held in a location that is physically a separate building to where the servers are installed.
 - a recovery plan is established to ensure continuity of financial administration in case of emergency.
 - systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used.
 - financial control is maintained in the absence of key personnel.

- The AT shall ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.

Appendix A – Ibstock Community College Delegated Authority.

Account Details		Non-Payroll	Payroll	
Budget Holder	Budget Held	Authorised to Commit up to:(Budgeted)	Routine Payments up to:	Discretionary Payments up to:
		£	£	£
Senior Management Team:				
Executive head	All	25,000	250,000	1,000
Head of School	All	7,500	250,000	250
Business Manager	All	7,500	250,000	250
Assistant Principals	Departmental/Assigned Budget	2,500		
Middle leaders:				
All faculty / curriculum leaders	Departmental Budget	1,000		
Assigned budget holders	Assigned Budget	500		
HR / Admin Mgr	General office & recruitment	500		
ICT Manager	ICT existing service contracts	7500		
	ICT capital expenditure	1000		
Governing Body:	All	No Limit	No Limit	No Limit
Governing Body				
Asset Disposal/Bad Debt Write-Off/Budget Virement				
	Asset Disposal up to:	Bad Debt Write-Off up to:	Budget Virement up to	
Business Manager	1,000	500	2,000	
Executive head	10,000*	1,500	10,000	
Head of School	1,000	500	2,000	
Business Management & Audit Committee	25,000	5,000	20,000	
Governing Body	No Limit	No Limit	No Limit	

*The Business management and Audit Committee must be advised

Authorised on behalf of Governors by Chair:

Date: