



# **Ibstock Community College**

Respect and Pride brings Success

## **Financial Regulations Manual**

**September 2020**

**Review Date: September 2021**

**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.

# Contents

1. Introduction
  2. Organisation
  3. Accounting System
  4. Financial Planning
  5. Payroll
  6. Purchasing
  7. Income
  8. Cash Management
  9. VAT Return
  10. Fixed Assets
- Appendix A - ParentPay Procedures  
Appendix B – Payments  
Appendix C - Leisure Complex Till Procedures

## 1. Introduction

The purpose of this manual is to ensure that the Academy Trust (AT) maintains and develops systems of financial control which conforms to the requirements both of propriety and of good financial management.

It is essential that all the financial systems operate according to

- the requirements of the Funding Agreement made between the AT and the Secretary of State for Education
- the principles of financial control outlined in the Academies Financial Handbook published by the Education and Skills Funding Agency (ESFA) and
- the Articles of Association

This manual expands on these and provides detailed information on the accounting procedures which have been adopted by the AT.

A number of operating manuals are also held and have not been reproduced in this manual, these include:

- Civica's guides to sales ledger, purchase ledger, cash book, nominal ledger and fixed assets
- LCC Academy Payroll Guidance - reports and reconciliation
- ParentPay complete user manual
- Lloyds bank, Commercial Online Banking guidelines
- Recruitment and leavers procedures
- LEAMIS Personnel 7 (database) guidance
- EMSS E-form system guidance
- LCC electric timesheets guidance

The AT must also comply with the ESFA's timeline for all key financial activities (e.g. the budget forecast). These are published on their document exchange and secure access portal along with links to websites and supporting documentation. The portal is maintained through-out the financial year and it is important that it is checked regularly for any changes. News bulletins are also received by e-mailed from the ESFA to ensure important information is received and deadlines are adhered too. Information can also be sought via the Gov.uk. Website.

## 2. Organisation

The AT has defined the financial responsibilities of each key role to avoid the duplication or omission of any functionality and to provide a framework of accountability for everyone involved.

The financial reporting structure is illustrated below:

### The Governing Body

The governing body has overall responsibility for the administration of the AT's finances. The main responsibilities of the governing body are prescribed in the funding agreement between the AT and the Secretary of State for Education. The main responsibilities include:

- ensuring that ESFA grant is used only for the purposes intended;
- approval of the annual budget;
- appointment of the Executive Head (Accounting Officer)
- appointment of the Head of School, in conjunction with the Executive Head;
- appointment of the Business Manager (Chief Financial Officer), in conjunction with the Executive Head.

## **The Business Management & Audit Committee (or in its absence by the full governing body)**

The Business Management & Audit Committee is a sub-committee of the governing body who meet at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities are detailed in written terms of reference which have been delegated by the governing body. The terms of reference are published on the college website.

The main financial responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring that the annual accounts are produced in accordance with the requirements of the:
  - Funding Agreement
  - Financial Reporting Standard 102 (known as “FRS 102”)
  - As a charity the AT also has to comply with the Statement of Recommended Practice (SORP 2015). The Academies Accounts Direction published by the ESFA supports this process
- authorising orders and the award of contracts over £25,000 and/or making recommendations to the full governing body as necessary;
- authorising and /or making recommendations to the full governing body, changes to the academy personnel establishment and
- Maintaining the company risk register
- Review audit reports of the internal and external auditors on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body with recommendations if required.

## **The Accounting Officer**

The Executive Head fulfils the role of the accounting officer and within the framework of the strategic development plan (medium term) and the college improvement plan (short term) approved by the governing body, has overall executive responsibility for the AT’s activities including all financial. As a holder of public office he/she must ensure that the “seven principles of public life” are adhered to. The Chief Financial Officer shall assist the Executive Head in the discharge of financial responsibilities and has direct access to the governors.

## **The Chief Financial Officer**

This role is fulfilled by the business manager and the main responsibilities of the chief financial officer are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the AT’S position at a strategic and operational level within the framework for financial control determined by the governing body and Executive Head;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly management accounts;
- authorising orders and contracts in conjunction with budget holders;

- signing cheques and BACs payments in conjunction with other authorised signatories, and in accordance with the bank mandate;
- ensuring forms and returns are sent to the ESFA in line with the published timetables.

### **The Responsible Officer**

The Academies Financial handbook the term of responsible officer is no longer used to describe a trustee assigned to the check the effectiveness of the internal controls, although the role still remains an option for gaining assurance.

The AT has appointed Leicestershire County Council's internal audit services to provide an independent oversight of the AT's financial affairs. The main assurance to be provided includes:

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

LCC internal audit services will undertake a programme of activity (including audits) set out in the service level agreement to ensure that financial transactions have been properly processed and that controls are operating as defined by the governing body. A report of the findings from each visit will be presented to the business management and audit committee and to the full governors' meeting.

### **Other Staff**

Other members of staff, primarily the Chief Financial officer, the finance team 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 AT's property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the AT's financial procedures.

### **Register of Business 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 misunderstandings that might arise, all 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 is open to public inspection must be published on the website.

The register should include all business interests such as directorships, share holdings 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 governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

Entries in the register are maintained by the college HR Administrator. An annual review must be undertaken in order to evidence that the records held are up to date and where an interest is declared that it is acceptable to the Trustees.

### **Register of a person with Significant Control (PSC)**

A number of amendments have been made to the Companies Act 2006, principally by the Small Business Enterprise and Employment Act 2015. These amendments introduce a number of additional requirements

and include taking reasonable steps to find out whether there are people within the company with significant control (PSCs).

A PSC is defined as an individual that holds, directly or indirectly, more than 25% of the voting rights in the company; or

holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company; or

has the right to exercise, or actually exercises, significant influence or control over the company; or

where a trust or firm would satisfy any of the above conditions, any individual that has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or firm.

Therefore within the AT it is important to consider the members, as it is the members who have the power to appoint the trustees/governors/directors. If there are less than 4 members, then these people must be registered as PSCs as they will have more than 25% of the voting rights.

A register has been created to capture all relevant information and which must be reviewed and maintained in-line with the register of business interests, including its publication on the college website.

### **3. Accounting system**

All the financial transactions of the academy must be recorded on the Civica accounting system.

#### **System Access**

Entry to Civica is password restricted and the IT manager is responsible for implementing a system which ensures that passwords are changed in line with the academy's IT policy. Passwords are changed automatically by the financial system.

Access to the component parts of the system can also be restricted and the Chief Financial Officer and / or the IT Manager will set access levels for all members of staff using the system.

#### **Back-up Procedures**

The IT manager is responsible for ensuring that there are effective back up procedures for the finance system that adhere to the academy's IT policy. Daily on-line back-ups are undertaken and stored in separate buildings on site. Weekly copies are also stored off site.

The back-ups should not be recorded on the same media each time as this results in only one copy being available. In order to provide more protection from the loss of data at least three different back-ups should be used in rotation.

A hard copy of the audit trail should be printed each month and should be stored separately from the accounting system.

The Chief Financial Officer and IT manager should also prepare a IT policy with IT service recovery plans 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 into the accounting system must be authorised in accordance with the procedures specified in this manual and the AT's finance policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

Detailed information on the operation of the Civica system can be found in the user manuals held electronically in the system. Hard copies are also kept in the finance office.

## **Transaction Reports**

The Chief Financial Officer will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:

- audit trail reports;
- management accounts summarising expenditure and income against budget at budget holder level.

## **Reconciliations**

The Chief Financial Officer is responsible for ensuring the following are reconciled each month:

- Sales ledger control account;
- Purchase ledger control account;
- Bank balances per the cash book to the bank statements.

Appropriate action must be undertaken for any unusual or long outstanding reconciling items and evidenced as part of the review.

## **4. Financial planning**

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

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

The strategic 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 reserves policy is also considered when setting the annual budget.

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

### **Strategic Development Plan**

The strategic development plan is concerned with the future aims and objectives of the AT and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the 'big picture' within which more detailed plans such as the college improvement plan may be integrated.

The form and content of the strategic development plan are matters for the AT to decide but due regard should be given to the matters included within the guidance to academies and any annual guidance issued by the DFE.

Each year the Executive Head will produce a college improvement plan which will be presented to the governing body. This will be based on

- a review of past activities, aims and objectives
- clear objectives and desired outcomes
- budgetary requirements
- implementation, monitoring and review
- feedback into the next planning cycle

The strategic 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.

The relevant senior leader should monitor performance against the defined success criteria throughout the year and report to the SLT. The Executive Headteacher will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

### **Annual Budget**

The Chief Financial Officer is responsible for preparing and obtaining approval of the annual budget from the Executive Head, business management and audit committee (if powers have been delegated in a particular financial year) and the full governing body.

The approved budget forecast must be submitted to the ESFA in accordance with the submission date set. Details are published on the ESFA secure access portal and the regular news bulletins received.

Typically the budget forecast needs to be submitted by the end of July each year. It is the Chief Financial Officer's responsibility to ensure sufficient time is built in for the approval process which will ensure that the submission deadline is met.

The annual budget will reflect the best estimate of the resources available to the AT for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the strategic development plan, college improvement 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 ESFA grant receivable;
- review of other 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 college's strategic objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Budget Forecast Outturn Report**

The ESFA also requires the budget forecast outturn return to be approved by the trustees before submission. Due to submission deadlines relating to this return, delegation has been given to the Chair of the Business Management and audit committee. Approval will be provided by e-mail to provide a clear audit trail.

### **Balancing the Budget**

When setting the budget, governors also need to consider the total amount of reserves that are required to deliver a balanced 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 reductions can be made. This may entail prioritising tasks 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. HCSS is the planning tool used to undertake the forecasting process.

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Financial Officer for approval by the Executive Head, the business management and audit committee or in its absence by the full governing body. The final budget requires sign off by the full governing body who will consider recommendations made by the business management & audit committee. The final budget should be communicated to all staff with responsibility for budgets so that everyone is aware of the



overall budgetary constraints. The budget should be seen as a working document which may need revising throughout the year as circumstances change and again HCSS is used for this purpose.

## **Monitoring and Review**

Monthly checks are undertaken by the Chief Financial Officer of actual income and expenditure against budget. Reports are produced from Civica and signed to evident the review. A summary level is produced for the Executive Head and business management & audit committee or in its absence by the full governing body.

Budget holders will receive a financial transaction budget report each half term and upon request if required.

Any potential overspend against the budget must in the first instance be discussed between the Chief Financial Officer and the Executive Head.

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 transfer funds from another budget or from the contingency. All adjustments exceeding £10,000 shall require prior approval from the Executive Head.

## **5. Payroll**

### **Staff Appointments**

The governing body has approved a personnel establishment for the AT. Changes can only be made to this establishment with the express approval in the first instance of the business management & audit committee or in its absence by the full governing body, who must ensure that adequate budgetary provision exists for any establishment changes.

The Executive Head has authority to appoint staff within the authorised establishment except for the head of School and the Chief Financial Officer whose appointments must follow consultation with the governors. The AT maintains personnel files for all members of staff which include contracts of employment. The chief financial officer must be notified of all personnel changes as soon as possible.

### **Payroll Administration**

The monthly academy payroll is administered by Leicestershire County Council (LCC) as a managed service. Supplier management is undertaken by the Chief Financial Officer.

Authorisation of salary documentation (E.g. starters and leaver forms, alterations to contracts) can be signed by the Executive Head, or business manager. The Executive Head is responsible for signing documentation relating to SLT and the chair of governors is responsible for signing documentation relating to the Executive Head. LCC are notified electronically by the HR Administrator via SIMs B2B.

New staff must complete all relevant payroll documents included in the staff induction packs. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month. The Head of School's approval is required for the following:

- Payment for sickness or maternity in line with the employment contract for the individual
- Discretionary payment for leave of absence

Staff who are paid on submission of a time-sheet must complete and return their time-sheet to their line manager by the month end. Failure to do this may result in non-payment of salary by the AT. In these circumstances, the salary payment may not be paid until the next payroll run in the following month. The manager must then submit an electronic timesheet to the HR Administrator for processing. The time-sheets are sent electronically via AVCO to LCC.

All salary payments are made by BACS unless cheque payment has been authorised by the Chief Financial Officer. Payslips are issued to employees electronically detailing all salary information.

Payroll files are sent to the AT by LCC detailing individual's salary paid, employer costs, NI and pension contributions. BACs advices are also sent detailing payments applied to the AT's bank account.

The Finance Officer reconciles the payroll files and enters the payroll costs for the month onto the Civica system. The transactions are verified by the Chief Financial Officer.

The HR/administration manager reviews the current months and previous month's salary payments using the exceptions process allowing for adjustments made for new appointments, resignations, pay increases etc. Unexplained variances will be reported to the Chief Financial Officer. LCC academy payroll guidance, reports and reconciliation provides written instructions to follow.

On an annual basis the Chief Financial Officer and HR/administration manager must check for each member of staff that the gross pay received agrees to the contract of employment held on the personnel system.

## 6. Purchasing

The AT wants to achieve the best value for money from all purchases. This means obtaining what is required in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and requires integrity of these funds by following the general principles of:

- **Probity** - must be able demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- **Accountability** - the AT is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness** - that all those dealt with by the AT are dealt with on a fair and equitable basis.

### Routine Purchasing

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A report detailing actual expenditure against budget will be supplied to each budget holder half termly or more frequently if required. Budget holders must keep their own records of orders placed but not paid for.

Routine purchases up to £1000 can be ordered by budget holders. In the first instance a supplier should be considered from the list of approved suppliers maintained by the finance office.

A quote or price must always be obtained before any order is placed. Budget holders and the Finance Officer should ensure that the lowest cost price is achieved.

All orders must be prepared using an official order form. Orders must be sent by the budget holder to the finance office. Orders will only be processed if there is adequate budget provision for the department. The chief financial officer will countersign orders once the budget provision has been confirmed.

Countersigned orders are recorded in the commitment report, allocated a reference number and dispatched to the supplier by the finance team.

The finance team must make appropriate arrangements for the delivery of goods to the academy. On receipt the administration team ensures the Goods Received Note (GRN) is secured to the order and boxes are labelled for the relevant departments which are then distributed. A detailed check of the goods received against the GRN must be undertaken by the departments and any discrepancies must be reported to the finance office within 48 hours.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the finance office will record this.

All invoices are first received by the Finance Officer who will record in the purchase ledger and scan a copy onto Civica. The Finance Officer will evidence the following:-

- invoice arithmetically correct;
- goods/ services received;
- goods/services as ordered;
- prices correct;
- VAT treated correctly;
- invoice posted to purchase ledger;
- invoice authorised for payment;
- payment made

If a budget holder is pursuing a query with a supplier the Finance Officer must be informed of the query and periodically kept up to date with progress.

Once a month the Finance Officer will run an aged historic ledger report in Civica to show a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Chief Financial Officer.

The Finance Officer will input details of payments to be made to the purchase ledger and generate the BACs payments or cheques required. The BACs payments or cheques must be signed in accordance with the bank signatory mandate.

Cheques will be dispatched to suppliers by the Finance Officer. BACs payments will be notified to suppliers by email.

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.

### **Orders over £1000 and up to £5999**

Three verbal quotations should be obtained for goods or services between £1000 and £5999 to identify the best source.

### **Orders over £6000 and up to £9999**

Two written quotations should be obtained by budget holders and attached to orders passed to the Finance Officer for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

### **Orders over £9999 and up to £25,000**

Three written quotations should be obtained by budget holders and approved by the Executive Head. Written quotations signed by the Executive Head and budget holder should be attached to orders passed to the chief financial officer for audit purposes.

### **Orders over £25,000**

All goods/services ordered with a value over £25,000 must be subject to formal tendering procedures and requires governor's approval. Large purchases excluding VAT may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. Ordering goods which may potentially be over £25,000 must be

discussed with Executive Head and Chief Financial Officer prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

## Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the guidance for 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 Executive Head and Chief Financial Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender.
- **Restricted tenders** may be 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 academy's requirements
  - the costs 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 may be appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders,
  - only one or very few suppliers are available,
  - extreme urgency exists,
  - additional deliveries by the existing supplier are justified.

## Preparation for Tender

Full consideration may be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- 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 should 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 may 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
- 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 and any reason for accepting them should be recorded.

### **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, the Executive Head or the Chief Financial Officer plus a member of the business management & audit committee or in its absence a member of the full governing body.

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 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 of contracts over £25,000 and a report should be prepared for the resources committee highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the ESFA their approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

## **Internet Ordering**

The college has its own debit card which can be used in circumstances when it is in the college's best interests to do so, such as ordering via the internet. However, due to the increased risk this is under the strict control of the Chief Financial Officer and will be restricted to those goods or services that cannot be acquired through the normal ordering procedures or where there is a financial gain in doing so. All items ordered must be delivered to the college address.

If a budget holder wishes to order an item via the internet they need to print off the details from the relevant website, sign to confirm which cost centre is to be debited and give the details the Finance Officer to place the order. The Finance Officer must check to ensure sufficient funds are available. The Chief Financial Officer must authorise all orders before they are made. Confirmation of the order must be printed off and kept on file with the original order request and a corresponding cash book journal raised in Civica to debit the cost centre.

A record is made of the purchase made and the date the card is utilised. This is signed by two authorised signatories. In addition when the bank statements are reconciled the transactions are cross-checked and signed by the Chief Financial Officer.

## **7. Income**

The main sources of income for the AT are the grants from the ESFA and income from extended services. The receipt of these sums is monitored directly by the chief financial officer who is responsible for ensuring that all income due to the academy is collected.

The AT operates a cashless system called ParentPay which is used for the collection of all income including trips and catering.

### **ParentPay (online payments for schools)**

ParentPay collects money from parents securely online and the user manual filed in the finance office provides full operational procedures. The system also stores all the information needed to process, manage and reconcile payments in a central online service. All transactions are handled through a client account and then settled to the academy's bank account. Settlement periods are weekly.

Accounts are set up for each student and they can access their accounts by using a biometric reader. For individuals not wishing to use the biometric system, a PIN number is allocated. For full details of the Biometric system, see the Biometric Data Policy.

## **ParentPay collection Service settlement statements**

ParentPay settlement periods are weekly and the system generates settlement statements which should be reconciled for each service by the finance team and balanced to the funds credited to the bank account.

Each transaction carries a transaction charge which requires deducting and included in the reconciliation process. All discrepancies must be reported to the Chief Financial Officer.

Income is credited and transactions debited in Civica utilising the relevant department codes. The Chief Financial Officer should review and sign the documentation. See detailed procedures in Appendix A for further information.

## **Trips**

A lead teacher must be appointed for each trip to take overall responsibility for the trip. The lead teacher must inform the Finance Officer of each student intending to go on the trip and the amount due to enable the trip to be set up in ParentPay.

Students should make payments via the ParentPay system or by exception only, to the finance office by cash or cheque. The Finance Officer in this instance would then update ParentPay.

ParentPay automatically records the monies received against individual students and can generate reports for the lead teacher of payments made.

## **Catering**

Students pay for their school meals using the biometric system which removes the need;

- For cash to be handled by staff and students,
- it protects the identity of free meals students and
- increases the efficiency of the dining system

Catering income is collected via ParentPay.

The Catering Manager daily should use the system generated reports to reconcile the physical items sold against the volumes recorded.

## **Leisure and Lettings Income**

The Finance Officer in conjunction with the Community Leisure Manager is responsible for maintaining records of all bookings and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the facilities should be maintained by the Finance Officer who will establish a sales ledger account and produce a sales invoice from Civica. The Finance Officer will be responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

No bad debts should be written off without express approval. Approval limits agreed by the governing body can be found in delegated authority listing, Appendix A of the finance policy. 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.

Organisations using the sports facilities should be instructed to send all payments to the finance office. Payments are reconciled in Civica by the Finance Officer against the invoice raised. The leisure centre till system is also to be updated to record income received. All cheques and cash must be kept in the safe prior to banking.

The till system utilised in the leisure centre is hosted by NWLDC and in instances when the system is not available the community leisure manager will be notified by a text message. It has been agreed that a process for staff to follow in the event of having to operate a manual system should be followed to ensure an audit trail for all takings. Further details can be found in appendix C.

### **Public Use of Leisure Centre**

The public using the leisure centre facilities must pay on entry. The income is recorded utilising the till system which must be balanced at the end of each shift by the duty receptionist who is responsible for reconciling the cash and cheques received to the till reading. Any discrepancies must be reported to the community leisure manager immediately. All cash and cheques must be kept securely in the safe.

On a weekly basis or more frequent if the cash held is to exceed the safe limit, the community leisure manager and Finance Officer are responsible for reconciling all the cash and cheques to the week-end report generated by the till system. The income is recorded on the weekly cash sheet by the Finance Officer and a bank paying in slip completed. The income is then kept in the safe until collection for banking by the security firm.

The Finance Officer enters the income onto Civica crediting the appropriate department codes. Budget holder reports are checked by the community leisure manager to ensure the income received credited with the amount recorded by the till system.

Card Payments (Debit and Credit) and both Google and Apply Pay are accepted via Lloyds Bank PLC Cardnet Services. The system allows for contactless payments with the customer present or by making a payment over the phone when booking facilities. All card payments will still be required to be processed through the till system in the same manner as cash or cheques and the entries therefore, will form part of the reconciliation process.

Lloyds Bank Cardnet services will process the card and Google/Apple pay transactions and will credit the funds into the college's bank account 2/3 days after settlement. The daily till report and funds credited by Cardnet will be reconciled by the Finance officer. Any discrepancies will be raised with the community leisure manager immediately.

The Payment Card Industry Data Security Standards (PCI DSS) are a set of mandatory requirements designed to safeguard cardholder data. The College has therefore signed up to a fully managed service with Lloyds Cardnet to ensure that we are compliant.

See appendix D for full transaction and reporting procedures.

### **Vending Machine Takings**

The vending machine takings are to be collected weekly by the community leisure manager and a second member of the leisure staff. The cash should be reconciled to the vending machine reading and entered through the leisure centre till system. The takings must be kept securely in the safe. It is the responsibility of the community leisure manager and Finance Officer to ensure it forms part of the overall weekly reconciliation of the leisure centre income.

Items purchased to sell in the vending machine are managed by the Catering Manager and stock control in leisure by the community leisure manager.

### **Nursery**

The Nursery Manager is responsible for raising an invoice to parents at the beginning of each month. These are generated by using a financial system called Redfish which is especially created for nursery financial transactions. Parents collect their invoices from the wallet in the nursery foyer. Payment terms are within 30 days.



Payment can be made by cash, cheque, online directly into the AT's bank account or through the childcare vouchers.

All cash and cheque payments are recorded in a receipt book by the nursery administrator at the time of receipt and a copy is given to the parent. A copy also is placed in the cash tin with the payment. The cash tin is locked securely away.

Weekly, or more frequently if required, income received is recorded by:

- Receipt number
- Child's name
- Amount received
- Cheque amount
- Cheque No.

The Nursery Manager is responsible for ensuring cash and cheques received are reconciled against each child's account in Redfish. Voucher payments are notified via email from each voucher scheme and along with on-line payments which are picked up from the bank statement.

Weekly, all payments including on-line, and vouchers are recorded on a spread sheet. This spreadsheet is taken to the finance office along with the cash and cheques for banking. A copy is retained by the nursery.

On a weekly basis the Finance Officer is responsible for reconciling the cheques and income received against the report produced by the nursery. The income is recorded on the weekly cash sheet by the Finance Officer and a bank paying in slip completed. The income is then kept in the safe until collection for banking by the security firm.

The Finance Officer enters the income (including vouchers & on-line payments) onto Civica crediting the appropriate department codes. The nursery manager should check the budget holder reports received to ensure the income credited agrees with their records.

### **Extended services price increase principles**

Historically for the leisure complex, nursery and school lettings, annual proposed price increases have submitted to the business management committee for approval before implementation. Due to the timing of the of the meetings it has been agreed by the governing body to set the following principles to which the prices can be increased by, without having to obtain prior approval.

Principles agreed:

- Increases to be in line with CPI as this includes, and is used for, goods and services.
- If including support staff costs these must be aligned to increases set by Leicestershire County Council grade structure and the National Joint Council (NJC). In addition they must reflect any increases made by the government in relation to the national minimum wage.
- Bench marking will always be undertaken with local competitors/ service providers to ensure that prices remain competitive and the college offering is sustainable

Instances where these principles cannot be met governor's approval is still required.

### **Custody**

Official, pre-numbered 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 a safe prior to banking.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officer is responsible for preparing a weekly cash sheet recording the amounts collected, the sums deposited at the

bank and the sums posted to the accounting system. The cash sheet must be certified by the Chief Financial Officer.

## **8. Cash Management**

### **Bank Accounts**

The opening of all accounts must be authorised by the governing body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts, cheque signing arrangements and Bankers Automatic Clearing System (BACS) controls.

### **Deposits**

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

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

### **Payments and Withdrawals**

The following 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. (See appendix b)

Signatories may not sign a cheque or authorise a BACs payment reimbursing themselves.

### **Administration**

The Chief Financial Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's cash book and
- Reconciliations are subject to a monthly review carried out by the Chief Finance Officer and/or the Executive Head and adjustments arising are dealt with promptly.

The Civica guide to Cash Book provides detailed procedures.

### **Petty Cash Accounts**

The AT does not operate any petty cash accounts.

### **Cash Flow Forecasts**

The Chief Financial Officer is responsible for preparing cash flow forecasts to ensure that the AT has sufficient funds available to pay for day to day operations.

### **Reserves & Investments**

See separate policy.

## 9. VAT Return

The college is VAT registered and as an academy must submit a VAT return directly to HMRC. The returns are undertaken on a quarterly basis with the periods ending, 30 November, 28 February, 31 May and 31 August.

Under the current VAT legislation, there is no entitlement for organisations to recover any VAT that is incurred on purchases made to support non-business activities. VAT is only recoverable to the extent that it relates to the making of taxable supplies. As a result, this requires organisations to directly attribute the VAT incurred on costs between non-business activities, exempt and taxable supplies. Therefore advice is sought from MacIntyre Hudson. The following VAT codes have been created in Civica to -

<b>Vat Code</b>	<b>Description</b>	<b>Includes</b>
1	Exempt - Income Lettings	Clubs & Associations block bookings
2	Exempt - Income Leisure (Individuals)	Public use
3	Exempt - Income Nursery	
4	Standard Rate - Income Resources (Stationery)	E.g. Adult Ed
5	Standard Rate - Income Leisure one off bookings	Clubs and associations
6	Standard Rate - Income Vending Machine Sales	
7	Standard Rate - Expenditure Educational	Wholly provision of free education
8	Standard Rate - Expenditure Vending Supplies	
9	Standard Rate - Expenditure Leisure supplies	Taxable supplies (swimming goggles, Pool Chemicals etc)
10	Standard Rate - Expenditure Build Main (Non Attr)	Not school related
11	Standard Rate - Expenditure Non Attributable	Everything else
OE	Outside of Scope 0% Expenditure	Salaries GAG, Trip Income, ParentPay
OI	Outside of Scope 0% Income	
U	Utilities	
Z	Zero	

Due to the partial exemptions the accountants will provide the expertise to review all entries in the ledgers and calculate manually the VAT for the particular periods.

VAT submission is done online and the deadline is shown on the online return and is normally one calendar month and seven days after the end of the VAT period.

## 10.Fixed assets

### Asset Register

All items purchased with a value over the AT's capitalisation limit of £5,000 must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number (if available)
- date of acquisition

- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the 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 academy's financial system and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

### **Depreciation**

Property will need to be independently and professionally valued for both accounts and insurance purposes. The basis of the valuation should be a depreciated replacement cost and should identify buildings and land separately.

Depreciation on assets is as at the following rates:-

- Freehold Buildings - 2% (50yrs) straight line
- Long Lease Property - 2% (50yrs) straight line
- Motor Vehicles - 20% (5yrs) straight line straight line with nil residual value
- Plant & Machinery - 20% (5yrs) straight line with nil residual value
- Fixtures, Fittings & Equipment- 20% (5yrs) straight line with nil residual value
- Computer Equipment & Software - 33.33% (3yrs) straight line with nil residual value

Depreciation on assets in the course of construction is not charged until they are brought into use.

The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the register. A regular reconciliation will be completed between the register and the balances held on the finance system.

The depreciation charge will be calculated on an annual basis for the preparation of the year-end accounts by the Chief Financial Officer and the accountants. Gifted Assets on conversation should be valued at "Fair Value" and subject to the same depreciation process as detailed above.

### **Security of assets**

Equipment must be secured by means of physical and other security devices.

All the items in the register should be marked as the AT's 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 resources committee.

Inventories of AT property should 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**

Asset items which are to be disposed of by sale or destruction must be authorised for disposal by the business management & audit committee or in its absence by the full governing body and, where significant, should be sold following competitive tender.

Any disposal must be in accordance with the AT's funding agreement, the Academy's Financial Handbook and in compliance with regulations e.g environmental law (Waste Electrical & Electronic Equipment, WEEE Regulations).

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the AT 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 AT 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 AT's property must not be removed from the premises without the authority of the head of faculty / department. A record of the loan must be recorded on a loan of equipment form and booked back into the academy when it is returned.

The head of faculty / department will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.

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 AT's accountants or auditors.

## Appendix A

### Instructions - To balance Parent Pay and input to Civica

Weekly (Wednesday to Tuesday)

Log into Parent Pay website [www.parentpay.com](http://www.parentpay.com)

#### Generate report from ParentPay

Finance

Reports (top tab)

Chose report from drop down list – collection service statements (this will say settlement statement at the top of the report)

Highlight Online – show report – print this off

Highlight Paypoint – show report – print this off

Go to Payment Items (top tab)

Reports

Payment Report

On “Payment items” select “All”

Select dates – select a few days either side of the dates you want to allow the system to pick up all transactions)

Click Excel full report

Save this – P drive, admin, finance, parent pay, parent reports, save as dates of report (remember to change the type to an excel workbook)

#### Manipulate report

Delete blank row (number1)

Rename sheet – Parent Pay

Create a sheet for each new service e.g. year end and MFL trips, and also one for Paypoint

Delete column X onwards

Click on sheet – data – sort – sort by processed date (column T)

Delete anything that’s not within the required dates for the report (e.g. 1<sup>st</sup> -15<sup>th</sup>, 16<sup>th</sup> – end of month)

Sort into service name – data – sort – service name

Copy and paste info for each service into correct sheet for that service – open out columns to see all the data

On the settlement statement look at the **total paid** for each service

Check that this balances to the **settled amount (column R)** on the spreadsheet

(Adjust any transfers to/from different services e.g. from dinner money to trips)

HIDE (not delete) columns BDEFGJKLMNOPSUV (leave comments showing if any)

Fit to one page and print, do this for each separate service

On the Parent Pay sheet, sort by means – copy any paypoint transactions on to the Paypoint sheet, check and balance this sheet as for the other services and print

Save the document

Sign both settlement statement sheets and staple the relevant spreadsheet print outs to these

#### Enter transactions in to Civica

Log in to Civica

**Credit the bank account** – cash book entry, cash book, transactions, **insert receipts**

Into current account

Description – Parent Pay then add the date range

Value – total amount paid from the settlement statement (do not include VAT)

This will show as a debit

Go to the nominal tab and credit each service

E.g. for E324 dept. (PE trips), 4052 nominal code (trips income), amount paid to that service. Dinner money – dept. I960 (catering income) nominal 4100 (catering income)

Once each service has been credited, the total should match the total as added from the settlement statement

Save entry

Then do a separate entry for Paypoint, as above

(Description – Paypoint then add date range)

(Dept. I960, nominal 4100)

Save entry

**Then need to debit the bank account with the transaction fees – insert payments**

Into current account

Description – Parent Pay transaction fees then add date range

Value – transaction fee plus VAT added together, then amend the VAT row to show the correct VAT

Go to the nominal tab and debit individual VAT amounts from each service

For trips – use the same department codes, use 7703 as the nominal code

Put the taxation fee in the debit column, amend the VAT code to 11, amount VAT amount to the VAT value on the settlement statement (don't forget to put this in brackets)

For dinner money use A530 dept. (catering services)

Once each service has been debited the totals should all balance

Save entry

Do a separate entry for Paypoint, as above

(Description – Paypoint transaction fees then add date range)

(Dept. A530, nominal 7703)

Save entry

Sign both settlement statements again to say it has been input on Civica and give to Finance Officer to sign.

## **Appendix B-**

### **Payments**

Payments are made by BACs (preferred method) or by cheques in accordance with the step by step instructions found in the Civica Purchase Ledger manual.

- **BACS Payments**

The Civica BACS report is attached to the relevant invoices and provides a suitable audit trail. The report is signed in accordance with payments and withdrawals detailed under Section 8 Cash Management and the delegated authority defined in the Finance Policy.

Only once the BACS report has been signed by all necessary signatories, the chief financial officer and another authorised person log into the Lloyds Commercial online banking facility, to import and authorise the payment. All files require a second authorisation.

The BACs file is saved on the "H" Shared Drive (SIMS/BACs)

- **Remote second authorisation for BACs payments during school closures.**

To provide an operational solution during periods of school closure when limited staff are on site, the second authorisation can be obtained remotely.

The BACs file creation in Civica, transfer to SIMs and importing into Lloyds Commercial Banking will be completed as above, with all the necessary checks still carried out on site, along with the first authorisation.

A second signatory required to authorise the payment, will then be contacted by phone. This person is able to view all the individual payments loaded onto the system by clicking on expand file. A review can be undertaken and a spot check or challenge can be made before the payments are released.

Any suppliers or names in the file which are not recognised or an amount for example, which seems out of order for a particular type of invoice, a scanned copy can be emailed over to the second signatory upon request.

Once the second signatory is happy and the payment is authorised, an e-mail is sent back to the first authoriser to confirm. This e-mail confirmation is retained with the paperwork and all paperwork is held out for the second signatory to sign when back in the office.

An audit report which forms part of the month end procedures would show any amendment made to individual customers / supplier details, including bank account details etc and it is generated automatically in Civica.

### **Cheques**

Cheques are raised for input invoices by the Finance Officer when a BACs payment cannot be made. Detailed procedures can be found in the Civica Guide to Purchase Ledger. Cheques and the corresponding invoices are passed to the chief financial officer for signing in accordance with section 8 Cash Management, Payment & Withdrawals.

Cheque books are stored securely in a locked cabinet in the finance office and replacement books are automatically sent by the bank when necessary. The Finance Officer will monitor the receipt to ensure timely delivery.



## **Appendix C**

### **Leisure Complex till procedure when system is unavailable**

Log in to NWLDC till system is unavailable – community leisure manager are notified by text message by NWLDC and in turn they will advise the Finance Officer at the college.

- Leisure receptionist is informed to put the manual system in place as follows:
- The receptionist uses a spreadsheet to record each transaction
- A spreadsheet receipt number document is held on the computer and is used to record any payments requiring a receipt
- Receipt numbers used should be recorded against any learn to swim (LTS) payments, party payments, or bookings in the registers and booking forms. This should also be dated and initialled
- If any payer wishes to have a receipt a manual one will be produced
- The spreadsheet is used to reconcile the end of the shift and a CRS produced as normal
- When the till system is next available the manual shifts will need to be entered through the till. This will be carried out by either the Finance Officer or one of the community leisure managers. It must not be carried out by the person who worked the manual shift.
- Each shift will be put through the till as one transaction and the receipt from the till attached to the manual shift paperwork
- The receipt number is be recorded against the spreadsheet
- This is countersigned by either the Finance Officer or either of the community leisure managers
- The manual shift takings will then be included in that shifts takings and all the paperwork kept together.

## Appendix D: Leisure Payment procedures

Customers are now able to make payment using a debit or credit card. They can do this either at reception in person or over the telephone. The following are the procedures for financial transactions through Leisure reception.

- When a customer makes payment:
  - Card Payments - use the card machine AND ring the transaction through the till as a card payment at the same time THEN record both the Trans No from the card machine AND the till receipt against the customer's name in the paid column on the booking sheet. We have two systems that MUST match up and ideally in the same order. EVERY card transaction MUST have a till receipt.
  - Cash payments - ring it through the till using the cash button
  - Cheque payments- ring it through the till using the cheque button as the method of payment.
  - For all payments, please add the date that the payment was taken.
- The following cashing up process must be adhered to:
  - Run a card machine report off for your shift;
    - Open Reporting on the card machine
    - Run the report. The 2<sup>nd</sup> shift will have the first shift on it too, but they are separated in Employee Stats further down the report (See the example attached). You will check your takings and till report / CRS against your figure.
  - Check it against your till before finalising
  - Input the detail on your CRS
  - Staple ALL of the following together and put in your cash / shift bag - Front CRS, middle Till Shift Reading, back Card Machine Report
- All shift paperwork, cash and cheques should be placed in the cloth bag and put it in the main compartment of the safe.

### Till Reports

- Daily till reports need to be run, and filed for processing by Finance. The morning receptionist is required to run three reports for the previous day. You will need to load the macro, change the date range to the previous day and create and print the report for each.
  - Amanda – Weekly Cheque
  - Amanda - Weekly Cash
  - Amanda - Weekly Card
- For the fortnightly banking, you will still need to run the following reports using the date range requested by Finance Dept.
  - Amanda Ibstock Weekly
  - Amanda – Weekly cheque
  - Amanda - Weekly Cash
  - Amanda - Weekly Card
- The reports and all the banking will be collected by a member of the finance team
- Finance will check each shift of cash, cheques and card payments
- Finance will complete a cash sheet and the banking, balancing to the reports from Leisure
- The daily card payment reports will be collected by Finance on a regular basis and processed through Civica cash book and reconciled to the bank statements.

- Any discrepancies from Leisure or the finance assistant must be reported to and authorized by the Community Leisure Manager or the Finance Officer.
- To ensure full compliance to the Payment Card Industry Data Security Standards the Financial Data Handling Security Policy must be signed and strictly adhered to by each member of staff that process card payments. All staff are also required to sign the Staff ICT Acceptable Use Policy and the E-Safety Policy.