



OWLS Academy Trust

Financial Management Manual (incorporating Finance Policy)

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1. INTRODUCTION

- 1.1. The purpose of this manual is to ensure that Glenmere Primary School and Langmoor Primary School (the Academies) maintain and develop systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 1.2. As public bodies, academy trusts must ensure regularity, propriety and value for money in their management of public funds. The Academies must therefore comply with the principles of financial control outlined in the Academies Financial Handbook, published by the DfE. This manual expands on that and provides detailed information on the Academy's accounting procedures and systems.
- 1.3. This manual should be read and adhered to by all staff and Governors involved with financial systems.

2. ORGANISATIONAL STRUCTURE – FINANCIAL RESPONSIBILITY

2.1. Overview

- 2.1.1. The Academies have defined the responsibilities of every person involved in financial processes to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff.

2.2. Governors Responsibilities

- 2.2.1. The governing body, as board of trustees for the Academies, has overall responsibility for the administration of the Academies' finances and for ensuring that the Academies' funds are used only in accordance with:

- The law;
- The Funding Agreement (including the Articles of Association which set out the powers of the Academy Trust) and its governance arrangements; and
- The Academies Financial Handbook.

- 2.2.2. The main responsibilities of the governing body are prescribed by the Funding Agreement between the Academies and the DfE, and in the Articles of Association which set out the powers of the Academy Trust and its governance arrangements. The main responsibilities include:

- Ensuring that the grant from the DfE is used only for the purposes intended;
- Approval of the annual budget;
- Approval of the School Improvement Plan;
- Appointment of the Head Teacher; and
- Appointment of the accountants, in conjunction with the Head Teacher

- 2.2.3. Governors who are also trustees and/or company directors are also subject to the duties and responsibilities of charitable trustees and company directors and must also be aware of the Charity Commission's guidance for academies in [Academy schools: guidance on their regulation as charities](#) and two guidance notes which are relevant for academy governors ([CC3: The Essential Trustee – What You Need to Know](#) and [CC8: Internal Financial Controls for charities](#)).

2.3. Head Teacher Responsibilities

- 2.3.1. The head teacher shall act as the chief executive and is the designated accounting officer for the Academies. As such he shall be personally responsible to Parliament and to the accounting officer of the Education Funding Agency (EFA) for the resources under his control.
- 2.3.2. Within the framework of the School Development Plan the Head Teacher has overall executive responsibility for the academies' activities including financial activities such as:

- The overall organisation, management and staffing of the schools;
- Procedures in financial and other matters, including conduct and discipline;
- Ensuring the efficient, economical and effective management of resources and expenditure, including funds, capital assets and equipment and staff;
- Ensuring value for money;
- Ensuring the maintenance of sound financial controls;
- Signing, with the Chair of Governors, the approved budget and annual accounts, ensuring they are properly presented and causing records to be maintained relating to the accounts;
- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- Authorising contracts and orders up to the value of £5000 as delegated by the Governing Body;
- Signing cheques in conjunction with other authorised signatories.

2.3.3. As accounting officer the head teacher must notify the board of trustees in writing if, at any time, he considers that:

- any action or policy under consideration by the governing body is incompatible with the terms of the Academies Financial Handbook or the Funding Agreement; or
- the board of governors appears to be failing to act where required to do so by the terms and conditions of the Academies Financial Handbook of the Funding Agreement.

2.4. Principal Finance Officer Responsibilities

2.4.1. The Principal Finance Officer (PFO) shall be the current Finance Officer employed to work in the school offices, who will work in close collaboration with the Head Teacher through whom they will be responsible to the governors.

2.4.2. The PFO has direct access to the governors via the Finance Committee.

2.4.3. The main responsibilities of the PFO are:

- Managing day-to-day financial issues including the establishment and operation of a suitable accounting system;
- Managing the academy financial position within the framework for financial control determined by the governing body;
- Maintaining effective systems of internal control;
- Ensuring that the annual accounts are prepared, properly presented and adequately supported by the underlying books and records of the academy;
- Preparing and monitoring the budget;
- Liaising with the auditors;
- Providing assistance and information as necessary to assist the governing body in the satisfactory completion of their financial responsibilities;
- Authorising orders below £1,000, in conjunction with budget holders;
- Signing cheques in conjunction with the Head Teacher or other authorised signatory;
- Ensuring forms and returns are sent to the DfE in a timely manner.

2.4.4. The PFO shall be assisted in the fulfilment of these responsibilities by the appointed accountants.

2.5. Budget Holder Responsibilities

2.5.1. Budget holders are required to comply with all relevant sections of this manual and exercise responsibility for routine control and monitoring of their budget expenditure.

2.5.2. All employees who have budgetary control in any form are required to sign a Financial Competency Form (Appendix A).

2.6. Other Staff

- 2.6.1. All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and are expected to conform to the requirements of the school's financial procedures.

2.7. Internal Audit

- 2.7.1. The governing body has appointed internal auditors from the Local Authority to provide them with an independent oversight of the school's financial affairs.
- 2.7.2. The internal auditors will undertake a programme of internal audit to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Finance Committee.

3. FINANCE COMMITTEE

- 3.1. The finance committee is a committee of the governing body which meets at least once a term, with more frequent meetings arranged if necessary.
- 3.2. The main responsibilities of the finance committee are detailed in written terms of reference which are reviewed annually and authorised by the governing body. These include:
- The initial review and authorisation of the annual budget, in preparation for presentation and final authorisation by the full governing body;
 - The regular monitoring of actual income and expenditure against budget;
 - Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act and the DfE guidance issued to academies;
 - Authorising the award of contracts over £5,000
 - Authorising changes to the academy personnel establishment; and
 - Reviewing the reports of the Internal Auditor on the effectiveness of and any risks to the financial procedures and controls, and agreeing a programme of work that will address any issues identified, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors. These reports must also be reported to the full governing body.

4. BUSINESS INTEGRITY

- 4.1. All governors and staff with significant spending powers must declare any pecuniary interests at all times and should enter any on-going interests that may raise a conflict of loyalty in a Register of Interests kept in the school. This register should be regularly drawn to Governor's attention, at least once a year, and amended as needed.
- 4.2. The existence of a register of pecuniary interests does not 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.
- 4.3. An example of the schools' pecuniary interest form can be found in Appendix B.

5. FINANCE POLICY

5.1. Purpose

- 5.1.1. The purpose of the Finance Policy is to:
- Define financial responsibilities within the schools;
 - Provide guidance on the application of regulations;
 - Identify procedures to ensure integrity of internal controls; and
 - Set out guidelines to ensure effectiveness of resources.

5.2. Budgets and Authority Levels

5.2.1. The school finances shall be planned through:

- The approval and implementation of an annual budget based on the aims, objectives and priorities of the school, the financial position of the school and the levels of projected reserves;
- Preparation of a medium term Financial Plan of at least 3-years, updated annually.

5.2.2. All budget virements must be authorised by the Finance Committee.

5.2.3. The timetable for preparation, presentation and approval of the budget and School Development Plan is included in the financial calendar.

5.2.4. Authority to incur expenditure consistent with the budget is:

- A budget holder with responsibility for a cost centre can approve routine purchases up to £1,000, or their budget limit, whichever is the lower;
- The head teacher can approve contracts and orders up to £5,000
- The finance committee must approve purchases, contracts and orders over £5,000

5.3. Purchasing

5.3.1. The academy trust aims to achieve best value for money for every purchase. This means purchasing what is needed in the correct quality, quantity and time at the best price possible.

5.3.2. A large proportion of all purchases will be paid for with public funds, so to maintain the integrity of these funds the academy will adhere to the general principles of:

- Probity – it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- Accountability – the academy is publicly accountable for its expenditure and the conduct of its affairs: and
- Fairness – that all those dealt with by the academy receive fair and equitable treatment.

5.3.3. Prices / quotations should be obtained for all purchases and orders subject to the following limits:

Value of purchase / contract / work	Number of quotes
Up to £1,000	1 quote
Over £1,000 and no more than £5,000	2/3 quotes
Over £5,000 and no more than £10,000	3 quotes
Over £10,000	Formal tendering procedures

5.3.4. Wherever possible all purchases should be made through the school's ordering system.

5.3.5. The Finance Officer shall keep records of all purchases made, including quotations received but not accepted.

5.3.6. The school's purchasing procedures, including for internet purchases, are documented in greater detail in Appendix C.

5.4. Internal Control

5.4.1. Internal delegation, subject to the limits of authority to incur expenditure above, will be as follows:

Expenses forms, absence requests and other salaries documentation	Head teacher
Orders	Head teacher, Deputy Head Teacher, Finance Officer
Cheques signatories (see 5.4.3 below)	Head Teacher, Deputy Head Teacher, Finance Officer, Chair of Governors

5.4.2. Invoices shall only be processed for payment subject to delivery note, signed agreement for services, or confirmation of receipt of goods / service by the budget holder. Non-order invoices must be signed and dated by the budget holder.

5.4.3. Cheques require 2 signatures, and where the value of the cheque exceeds £5,000 one signatory must be the Chair of Governors. Cheques should not be signed by the person who raised / authorised the original order.

5.5. Financial Reporting

5.5.1. As a minimum the following financial reports shall be produced:

Frequency	Report	To Whom
Annually	Statutory accounting returns	Finance Committee – Governing Body – Statutory Bodies
	Public funds - audited accounts	Governing Body
	Unofficial funds – audited accounts	Finance Committee
	Draft budget plan	Finance Committee
	Final budget plan	Finance Committee – Governing Body
Termly	Financial monitoring reports	Head Teacher – Finance Committee
Monthly	Period end documentation	Head Teacher
	Bank reconciliations	Head Teacher
On demand	Cost centre reports	Budget holders
	Financial monitoring reports	Head teacher

5.6. Policy Review

5.6.1. Any change in policy requires the approval of the Finance Committee

5.6.2. The policy shall be reviewed at least every 2 years, and more frequently if necessary.

6. BUDGETARY PLANNING AND CONTROL

6.1. Development Plan

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

6.1.2. The development plan is concerned with the future aims and objectives of the schools and how they are to be achieved, including matching objectives to the resources expected to be available.

6.1.3. Each year the Head Teacher will discuss the Development Plan with the governing body, to allow for:

- A review of past activities, aims and objectives;
- Definition or redefinition of aims and objectives;
- Development of the plan and associated budgets;
- Implementation, monitoring and review of the plan; and
- Feedback into the next planning cycle.

6.1.4. The completed plan will include detailed objectives for the coming academic year, with estimated resource costs (capital and revenue) associated with each objective and success criteria against which achievement can be measured.

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

6.2. Annual Budget

6.2.1. The Head Teacher, in conjunction with the Finance Officer, is responsible for preparing and obtaining approval for the annual budget, which must be approved by the Finance Committee and the Governing Body and submitted to the DfE by the annual submission date.

6.2.2. The annual budget will reflect the best estimate of the resources available to the schools for the forthcoming year and will detail how those resources are to be utilised, with a clear link between the development plan objectives and the budgeted utilisation of resources.

6.2.3. The academy trust may take advantage of the provisions of the Academies Financial Handbook which allow a Multi-Academy Trust to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the multi-academy trust in accordance with the guidelines that govern the use of GAG funding. Any such pooling must be agreed by the Full Governing Body who must ensure that each school is treated fairly.

6.2.4. The budgetary planning process will incorporate the following elements:

- Forecast of the likely number of pupils to estimate the amount of DfE grant receivable;
- Review of other income sources to assess likely level of receipts;
- Review of past performance against budgets;
- Identification of potential efficiency savings; and
- Review of the main expenditure headings in light of development plan objectives and expected variations in cost (e.g. pay increase, inflation, other anticipated changes).

6.2.5. A clear statement of the assumptions and priorities supporting the budget will be maintained by the Head Teacher.

6.3. Finalising the Budget

6.3.1. Once the draft budget plan has been prepared this shall be presented to the Finance Committee for approval. This should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change it is easier for all concerned to take remedial action.

6.3.2. The final budget plan shall then be presented to the full Governing body, with details communicated to individual budget holders as appropriate.

6.3.3. The final budget plan should be seen as a working document which may need revising throughout the year as circumstances change.

6.4. Monitoring and Review

6.4.1. Monthly reports will be prepared by the Finance Officer, detailing actual include and expenditure against budget.

6.4.2. Any potential overspend against the budget must be discussed with the Head Teacher.

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

7. ACCOUNTING SYSTEM

7.1.1. All the financial transactions of the school must be recorded on the accounting system which consists of:

- Journals;
- Nominal Ledger Bank;

- Transactions;
- Purchase Ledger;
- Sales Ledger;
- Payroll System;
- Automatic Update;
- Manual Update.

7.2. System Access

- 7.2.1. Entry to the system is password restricted – passwords are securely stored in the school safe. When passwords are changed the new password should be placed in a sealed envelope and passed to the Finance Officer to keep in the safe.
- 7.2.2. Access to the component parts of the system can also be restricted, and the Finance Officer is responsible for setting access levels for all members of staff using the system.

7.3. Back-up Procedures

- 7.3.1. The Finance Officer is responsible for ensuring that there are effective back-up procedures for the system. Data should be copied to a removable medium and the copies stored in a secure place, preferably in a fireproof container. Back-up copies should be taken on at least a weekly basis.
- 7.3.2. The back-ups should not be recorded on the same removable medium each time – in order to provide more protection from the loss of data at least 3 different discs should be used in rotation. The most recent back-up will be stored off-site.
- 7.3.3. A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system.
- 7.3.4. The Business Continuity Plan should provide for loss of accounting facilities or financial data.

7.4. Transaction Processing

- 7.4.1. All transactions input to the accounting system must be authorised in accordance with the Finance policy and procedures specified in this manual.
- 7.4.2. Detailed information on the operation of the system can be found in the user manuals, held in the school offices.

7.5. Reconciliations

- 7.5.1. The Finance Officer is responsible for ensuring the following reconciliations are performed each month:
- Sales ledger control account;
 - Purchase ledger control account;
 - Payroll control account;
 - All suspense accounts; and
 - Bank balance per the nominal ledger to the bank statement.
- 7.5.2. Any unusual or long outstanding reconciling items must be brought to the attention of the Head Teacher.

8. PAYROLL

- 8.1. Payroll processing is outsourced to Leicestershire County Council.
- 8.2. Employee records are maintained by the Finance Officer, with all changes requiring authorisation by the Head Teacher before they are released by secure electronic transfer to the payroll provider.

- 8.3. Claim forms for additional hours, and notifications of other adjustments to pay will be completed on a monthly basis as authorised by the Head Teacher prior to being submitted to the payroll provider.
- 8.4. After the payroll has been processed but before payments are dispatched details of all amounts payable should be provided to the school. The Finance Officer is responsible for ensuring that this information is reviewed and reconciled to all claim forms and other adjustments on a monthly basis, where possible in advance of the payment being released.
- 8.5. All salary payments should be made by BACS.
- 8.6. The payroll provider is responsible for calculating all deductions due from payroll in compliance with current legislation, including tax, national insurance contributions and pensions.
- 8.7. Details of payroll information shall be entered onto the Accounting System on a monthly basis, with postings made to the payroll control account and to individual cost centres.

9. CASH MANAGEMENT

9.1. Bank Accounts and Arrangements

- 9.1.1. Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book, and should include:
 - The amount of the deposit; and
 - A reference, such as the number of the receipt or the name of the debtor.
- 9.1.2. All cheques and other instruments authorising withdrawal from school bank accounts must bear the signatures of authorised signatories, as detailed elsewhere in this policy. This provision applies to all accounts, public or private, operated by or on behalf of the schools. Authorised signatories must not sign a cheque relating to goods or services for which they have authorised the expenditure.
- 9.1.3. The Finance Officer must ensure that 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 school's cash book;
 - Reconciliations are prepared by the Finance Officer;
 - Reconciliations are subject to an independent monthly review carried out by the Head Teacher or, in his absence, the Deputy Head Teacher; and
 - Adjustments arising are dealt with promptly.
- 9.1.4. Deposits are taken to the bank.

9.2. Petty Cash

- 9.2.1. The school maintains a maximum cash balance of £100, which is administered by the Finance Officer and is kept in the School Officer safe.
- 9.2.2. Deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference (i.e. the cheque number) relating to the payment. All other cash receipts, for whatever reason, must be paid directly into the bank.
- 9.2.3. In the interests of security Petty Cash payments will be limited to £100. Higher value payments should be made by cheque directly from the main bank account as a cash book payment.
- 9.2.4. The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation.

9.3. Reserves

- 9.3.1. The schools will always aim to match income with expenditure in the current year and will only carry forward reserves that it considers necessary for future year's expenditure. This will include funds set aside for replacement of capital items such as ICT infrastructure or premises development, and allowance to cover the principle risks facing the school, including reductions in pupil numbers or school funding levels.
- 9.3.2. The amount of reserves required shall be reviewed and determined annually as part of the budget setting process.

9.4. Investments

- 9.4.1. The schools aim to manage cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. Where surplus cash funds are held the governors will consider options available to optimise returns whilst ensuring the investments are such that there is no risk to the loss of these cash funds.
- 9.4.2. If it is identified that the school is holding a level of cash funds that will be surplus to requirements these may be invested only in the following:
- Interest bearing accounts with:
 - Lloyds TSB
 - Natwest
 - RBS
 - Barclays
 - HSBC
 - Treasury deposits with maturity dates which do not result in the cash funds being unavailable for longer than 8 weeks.
- 9.4.3. On maturity of any investment the finance officer will review the level of funds that continue to be available for investment and the interest rates that can be achieved in order to optimise the benefits of any subsequent investment.
- 9.4.4. The head teacher shall be required to authorise the transfer of funds to any investment vehicle.

10. FIXED ASSETS

10.1. Fixed Asset Register

- 10.1.1. The aim of a fixed asset register is to:
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
 - Manage the effective utilisation of assets and to plan for their replacement;
 - Assist 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.
- 10.1.2. The Fixed Asset Register shall consist of a list of items (or specific group of items purchased within the accounting period) that are considered to have a life longer than the financial year they were purchased in. Capitalised assets are not necessarily bought on one order; so long as a group of items is purchased within the same accounting period they will be capitalised.
- 10.1.3. Fixed assets are categorised as follows:
- Land and buildings;
 - Plant and machinery;
 - Furniture and equipment;

- Computer equipment and software;
- Assets under construction.

10.1.4. The asset register should, as a minimum, include the following information:

- Asset description;
- Serial number (if applicable);
- Date of purchase (where purchased after 01/07/2013):
- Asset cost;
- Source of funding if purchased after 01/07/2013 (% of original cost funded from DfE grant and % funded from other sources);
- Current book value (if applicable);
- Location

10.1.5. All working papers for the purchase of assets, including invoices, will be retained.

10.2. Inventory Register

10.2.1. The inventory register is an extended version of the Fixed Asset Register, including the same information, but in addition shall include a list of all items purchased with a value over £250.

10.2.2. Physical counts will be undertaken annually against the Inventory Register and the evidence presented to the Governing Body. Discrepancies between the physical count and the registers are investigated promptly by the head teacher and any discrepancies over the value of £500 should be reported to the Governing Body.

10.2.3. All disposals of assets are recorded in the registers and in the case of fixed assets are recorded through the financial system.

10.3. Depreciation

10.3.1. Non-current assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset. Depreciation will be calculated on an annual basis for preparation of the year end accounts, in accordance with advice and guidance from the schools' accountants.

10.4. Disposal of Assets

10.4.1. Items which are to be disposed of by sale or destruction must be authorised for disposal by the head teacher and finance officer and, where significant, should be sold following competitive tender.

10.4.2. Where the asset to be disposed of carries and amount (cost less accumulated depreciation) above £500 its disposal must be approved by the Finance Committee.

10.4.3. If computer equipment is disposed of, licences for software must be legally transferred to the new owner. Pecuniary interests must also be considered at all times.

10.4.4. The requirements of the school's funding agreement with the Secretary of State will be adhered to when considering the disposal of a capital item.

10.4.5. Funds obtained by the sale or surplus assets shall be identified in the school accounts and accessible for audit.

10.5. Loan of Assets

10.5.1. Items of school property must not be removed from the school premises without the authority of the head teacher. It is expected that staff laptops are to be removed from the school site but remain the property of the school.

10.5.2. 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 will therefore be kept under review and any potential benefits discussed with the auditors.

11. FRAUD POLICY

- 11.1. The OWLS Trust Academy Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the schools has a responsibility in respect of recognising a potential fraud, preventing and detecting fraud. The trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.
- 11.2. It is the duty of all staff and governors to take reasonable steps to limit the possibility of corrupt practices and to take advice from the internal and external auditors on the adequacy of the measures taken by the schools to ensure financial compliance.
- 11.3. Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf (s)he acts, even if these “others” are in ignorance of the fraud. Fraud is, in fact, intentional deceit and for this reason it cannot include negligence.
- 11.4. Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.
- 11.5. Corruption is defined for the purpose of this document as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by The OWLS Trust Academy Trust, its staff or Governors.
- 11.6. Irregularities fall within the following broad categories, the first three of which are criminal offences:
- Theft – the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;
 - Fraud – the intentional distortion of financial statements or other records by persons internal and external to the school, which is carried out to conceal the misappropriation of assets or otherwise for gain;
 - Bribery and corruption – involves the offering of the acceptance of a reward for performing an act, or failing to perform an act, which leads to gain for the person offering the inducement (see Gifts and Hospitality);
 - Failure to observe, or breaches of, the Scheme of Delegation and Finance Policy;
 - Failure to observe, or breaches of financial procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.
- 11.7. Examples of acts which could constitute fraud and corruption include, but are not restricted to:
- Theft of cash;
 - Non-receipt of income;
 - Substitution of personal cheques for cash;
 - Inflated travelling and subsistence claims or claims for non-existent journeys / events;
 - False overtime claims;
 - Payment of invoices for goods received by an individual rather than the school;
 - Failure to observe, or breaches of, regulations / other associated legislation;
 - Unauthorised borrowing of equipment;
 - Breaches of confidentiality regarding information;
 - Failure to declare a direct pecuniary or otherwise conflicting interest;
 - Concealing a generous gift or reward;
 - Unfairly influencing the award of a contract;
 - Creation of false documents;
 - Deception;
 - Using position for personal reward.

- 11.8. Any instance of fraud or theft committed against the academy trust above £5,000 must be reported to the EFA. Any unusual or systematic fraud, regardless of value, must also be reported.
- 11.9. If there is concern or doubt about any aspect of a matter which involves an irregularity or an ongoing investigation into a suspected irregularity, staff must refer to the head teacher.

12. GIFTS AND HOSPITALITY

- 12.1. Ordinarily gifts and hospitality should be rejected. Small “thank you” gifts of token value (e.g. diary, mug, calendar) may be accepted.
- 12.2. Any gifts or hospitality in excess of £25 must be reported to the head teacher 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 school for items other than travel expenses.
- 12.3. Gifts should be refused if it is believed the giver has an ulterior motive such as the receipt of a more prompt service or preferential treatment.
- 12.4. Gifts or hospitality should never be accepted from anyone who is, or may be in the foreseeable future, tendering for any contract with the school, seeking employment with the school or is in dispute with the school, even if the intended recipient is not directly involved in that service area.
- 12.5. Where items purchased for the school include a “free gift”, such a gift should either be used for school business or handed to the head teacher to be used for charity raffles.
- 12.6. If there is any doubt about the acceptability of any gift or offer of hospitality the head teacher must be consulted.

13. INCOME

13.1. Sources of Income

- 13.1.1. The main sources of income for the school are the grants from the DfE. The receipt of these sums is monitored directly by the Finance Officer who is responsible for ensuring that all grants due to the school are collected.
- 13.1.2. The school also obtains income from:
- Parents (e.g. trips, uniform sales);
 - The public (e.g. lettings)

13.2. Trips / Non-Invoiced Income

- 13.2.1. Payments for school trips should be forwarded to the school office, where an up to date record will be maintained for each student showing the amount paid and any amount outstanding. A receipt will be produced for all payments made.
- 13.2.2. The payments received will be entered on the system as income against the specific trip, in order that the overall cost to the school can be monitored.
- 13.2.3. A log of uniform sales will be maintained showing the item sold and the payment received, and a receipt will be issued. Payments received will be entered on the system by the finance assistant.

13.3. Lettings / Invoiced Income

- 13.3.1. The administration officer is responsible for maintaining records of bookings for facilities and for notifying the finance officer of the sums due from each organisation.
- 13.3.2. The finance officer will establish and maintain a sales ledger account and produce invoices from the accounting system.

13.4. Outstanding Debts

- 13.4.1. Details of payments made and outstanding accounts will be maintained by the finance officer and they, with assistance from the administration officer and, if necessary, the head teacher, will be responsible for chasing outstanding debts and ensuring no further use is made of the facilities unless payment has been made.
- 13.4.2. No debts should be written off without the express approval of the governing body.
- 13.4.3. DfE approval is also required if debts to be written off are above 1% of total annual income, or cumulatively more than 5% of total annual income in any one financial year per category of transaction.

14. CHARGING AND REMISSIONS POLICY

- 14.1. The school maintains a separate charging and remissions policy which reflects the general principles of the Education Act which identifies activities for which:
- Charges will not be made;
 - Charges will be made;
 - Charges may be waived.

15. LETTINGS POLICY

- 15.1. The school maintains a separate lettings policy, which lays out arrangements for use of the school premises other than by the school.

16. BEST VALUE

- 16.1. The Academy Trust maintains a separate Best Value policy.
- 16.2. The Value for Money Statement is reviewed and signed on an annual basis. An example can be found in Appendix D.

17. STATEMENT OF INTERNAL CONTROL

- 17.1. In the first meeting of the Autumn Term for each year the Statement of Internal Control is to be signed by the Head Teacher, Chair of Governors and Chair of the Finance Committee. In signing this the review for effectiveness of financial internal control is informed by:
- Our regular scrutiny of financial and other performance monitoring data;
 - Regular reports from the head teacher and other managers to the governing body; and
 - The most recent reports of the schools' internal and external audit.
- 17.2. An unsigned version of the Statement of Internal Control can be found in Appendix E.

18. PAY POLICY

- 18.1. The school maintains a separate pay policy which is monitored in conjunction with the Pay Committee.

19. BUSINESS CONTINUITY AND RISK MANAGEMENT

- 19.1. A business continuity plan is currently under development, and will include a section related to financial matters.

APPENDIX A – FINANCIAL COMPETENCIES FORM FOR BUDGET HOLDERS

Please sign to accept you have read and understood the following information relating to orders for equipment:

- Staff may order goods and services from whatever reputable source they see fit, but will be expected to take into account quality and value for money.
- An official order must be made in writing on the school's official order form for all expenditure on goods and services initiated by the school.
- Orders must be completed in accordance with the following procedures:
 - Authorised by designated staff only;
 - Show estimated prices on the order form;
 - Send to the supplier via the Finance Officer;
 - If placed by telephone, a written copy of the order with estimated prices must be given to the Finance Officer;
 - Telephone orders should be followed up by a confirmation order by the next working day if possible.

As a budget holder you will receive periodic updates relating to your subject / department budget(s).

Signed:

Name:

Budget:

Date:

APPENDIX B – PECUNIARY INTEREST FORM

Name of Governor / Member of Staff:

Name of Business	Nature of Business	Nature of Interest	Date of Appointment / Acquisition	Date of Cessation of Interest	Date of Entry

I certify that I have declared all beneficial interests which I, or any person closely connected with me, have with businesses or other organisations which may have dealings with Glenmere Primary School and/or Langmoor Primary School.

Signed: Date:

Signed: Date:

Signed: Date:

Signed: Date:

APPENDIX C – PURCHASING PROCEDURES

Routine Purchasing

All budget holders will be informed of the budget available to them before the start of the academic year. It is the responsibility of the budget holder to manage their budget and ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder on request, and budget holders are encouraged to keep their own records of all orders placed.

Routine purchases up to **£1,000** can be ordered by budget holders. In the first instance a supplier should be chosen from the **list of approved suppliers maintained by the school office**. A quote or price must always be obtained before any order is placed.

All orders must be made or confirmed in writing, and order forms are held in the school office. Orders must bear the signature of the budget holder or head teacher and must be forwarded to the school office where they will be checked to ensure adequate budgetary provision exists before creating the official order on the accounting system and dispatching this to the supplier.

Order forms and copies of official orders are retained in the Orders file until the goods have been received and invoiced, after which they are attached to the final invoice.

On delivery a detailed check must be made of the goods received against the delivery note, record any discrepancies and raise these with the supplier of the goods without delay. Once checked the delivery note should be filed with the official order, with a record of any returns / shortages.

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

All invoices should be forwarded to the school office immediately upon receipt. The Finance Officer will then arrange payment, ensuring:

- The invoice is arithmetically correct;
- The goods / services have been received;
- The goods / services are as ordered;
- The prices are correct;
- The invoice is posted to the correct cost centre and purchase ledger;
- The invoice is authorised for payment;
- The payment is authorised; and
- The VAT is treated correctly.

Payment may be made by cheque or via online banking: all payments must be authorised by the correct number of nominated signatories, in accordance with the school's internal control procedures.

Internet Purchasing

It is recommended that internet ordering is used only where goods cannot be requisitioned through normal ordering channels, and that orders are placed only with reputable companies, ideally whom the school has dealt with in the past. Before placing an order the following details should be verified:

- The supplier's name and address is referred to on the web-site;
- The company's terms and conditions of trading have been viewed and are reasonable;
- The transaction will take place under UK jurisdiction, where normal forms of redress are available to solve problems or disputes regarding faulty goods or non-delivery of goods (note: a ".uk" web address doesn't always mean the firm is UK based);
- A full description is obtained of the goods or services to be purchased;
- The price(s), including taxes;
- Delivery costs and arrangements;
- How long the price will stay valid;
- The rights of the purchaser to cancel the order;

- If a service is being procured, then the duration of the commitment and any future costs;
- That the contract in law is between the school and the supplier, not between the individual and the supplier.

Budget holders may place internet orders to a maximum of **£500** in conjunction with Head Teacher Knowledge and over seen by finance budget committal purposes, subject to funds being available in the relevant budget. Orders above this value must be formally approved by the head teacher before they are placed. School credit card to be used.

The cheapest available delivery method must be selected unless otherwise agreed.

The preferred payment method is to request that an invoice is issued by the supplier, for payment once the goods have been received. However, many suppliers will only accept payment by debit / credit card, and in this case the school payment card may be signed out and used. The payment card details should **not** be saved on the site for future use.

It is paramount that online payments are undertaken using a secure method (i.e. SSL). Visible proof of this will be a message appearing in a small window indicating that the transmission is to take place over a secure line, and can also be evidenced by a small closed padlock icon on the bottom row of the browser screen and/or the internet address starting with "https://..." the **s** denoting a secure link. Alternatively the website should display the "TrustUK" symbol.

A copy of the order, together with prices and the budget to which the goods should be charged must be passed to the office. Where payment has been made on-line the office will also need a VAT Invoice or a VAT receipt (where VAT has been paid).

Within 1 working day of receiving the goods the recipient must:

- Check the goods against the delivery note;
- Write the budget to which the goods should be charged on the delivery note;
- Sign the delivery note, and pass it to the school office.
- If there is a discrepancy with the delivery note, or if an item is to be returned for any reason, ensure that this is dealt with, keeping the school office informed in such cases.

Orders and Quotations / Tenders up to **£10,000**

One, two or three quotations should be obtained, in accordance with the finance policy, and written details of these should be held in the school office for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed / e-mailed / written confirmation of quotes has been received before a purchase decision is made.

Orders and Tenders over **£10,000**

All goods / services ordered with a value over **£10,000**, or for a series of contracts which in total exceed **£10,000** must be subject to formal tendering procedures. Purchases over £93,738 may fall under EU procurement rules which require advertising in the Official Journal of the European Union.

Forms of Tender

There are three forms of tender procedure: open, restricted and negotiated, dependent on the circumstances:

- **Open Tender** is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Officer how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact them 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** is where suppliers are specifically invited to tender, and is 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 school's requirements;
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering
- **Negotiated Tender** is where the terms of the contract may be negotiated with one or more chosen suppliers, and is only appropriate in specific circumstances where:
 - The above methods have resulted in either no or unacceptable tenders;
 - Only one or very few suppliers are available;
 - Extreme urgency exists; or
 - Additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to

- The objective of the 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 must be issued. If an open tender is used and invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include:

- Introduction / background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Terms and conditions of tender; and
- Forms of response.

Aspects for Consideration

To be read with direct reference to the school's Best Value Policy:

- 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

Tenders should be submitted in plain envelopes clearly marked to indicate that they contain tender documents. Tenders may also be e-mailed to the school e-mail address (i.e. not to a named individual). Tenders received after the submission deadline should not normally be accepted.

Tender Reviewing Procedures

All tenders submitted should be reviewed at the same time and the tender details should be recorded. Two people should be present for the reviewing and evaluation of all tenders as follows:

- For contracts up to £20,000 – two from the budget holder, the finance officer, the business manager and the head teacher.
- For contracts over £20,000 – the head teacher plus a member of the finance committee.

The two people involved in reviewing and evaluating the tenders 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.

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

Full records should be kept of all criteria used for evaluation and for contracts over £20,000 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £20,000 the decision and criteria should be reported to the Finance Committee.

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

APPENDIX D – BEST VALUE STATEMENT

APPENDIX E – STATEMENT OF INTERNAL CONTROL

This statement relates to the internal controls for Glenmere Primary School and Langmoor Primary School for the year ended 31st August The governing body is responsible for ensuring that the school:

- keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the school, have been drawn up in accordance with the DfES' guidelines, and will enable it to prepare an annual income and expenditure statement that complies with DfE guidelines
- maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the school and ensure they are used cost effectively

The system of internal control has been developed and is coordinated by the head teacher. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly

Our review of the effectiveness of the systems of internal control is informed by:

- our regular scrutiny of financial and other performance monitoring data
- regular reports from the head teacher and other managers to the governing body
- the most recent report of the school's internal auditor dated
- the most recent report of the school's external auditor dated

We are, therefore, satisfied that the internal control systems in operation at the school during the year were adequate and effective.

By order of the Governing Body of the OWLS Trust Academy Trust

Signed: Date:
(Head Teacher)

Signed: Date:
(Chair of Governing Body)

Signed: Date:
(Chair of Finance Committee)

Appendix E

Langmoor signatories: Chris Garner – Chair, Phil Clarke Vice Chair, Head Teacher Peter Merry, Head of School Helen Bonser

Glenmere signatories: Chris Garner – Chair, Phil Clarke Vice Chair, Strategic Director/Executive Head Peter Merry, Head of School Sam Conlon.

Payment over £5000 all need signature of a Trust/governor as named above eg. Chair or Vice Chair.