



Yarborough Academy

Financial Procedures

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Purpose

The purpose of this financial procedures paper is to set out the systems of financial control operated by Yarborough Academy in order to conform to the requirements of both good propriety and financial management.

These systems have been designed and implemented to ensure compliance with the principles of financial control expected by the Department for Education ('DfE') as set out in the annual Academies Financial Handbook.

This paper provides detailed information on the Academy's accounting procedures and systems which should be read by all staff involved with financial activities.

It is essential that these procedures are followed diligently to ensure the Academy meets the requirements of our funding agreement with the Department for Education.

This procedures paper should also be read in conjunction with the following policy statements which further inform on the sound financial ethos and approach of the Academy:

- Financial Terms of Reference and Responsibilities
- Cash Management Policy
- Reserves Policy

Organisational Structure

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees, governors and staff.

The financial reporting structure is illustrated below:

The Board of Governors (Trustees)

The Board of Governors has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Board of Governors are prescribed in the Funding Agreement between the Academy and the DfE.

The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- the review and authorisation of the annual budget followed by the regular monitoring of actual expenditure and income against that agreed budget;
- ensuring the annual accounts are produced in accordance with the requirements of the relevant Companies Act legislation and the DfE guidance issued to Academies;
- the appointment of the Head;

- the appointment of the Chief Financial Officer and the Responsible Officer in conjunction with the Head;
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls and ensuring any identified risks are assessed and addressed;

The Head (also known as the Accounting Officer)

Within the framework of the Academy development plan, as approved by the Board of Governors, the Head has overall executive responsibility for the Academy's activities including financial operations.

Much of the day to day financial responsibility has been delegated to the Chief Financial Officer however the Head still retains responsibility for (and in their absence the Deputy Head):

- approving new staff appointments within the authorised establishment structure, except for any senior staff posts which the Board of Governors have specifically determined should be approved by them;
- authorising capital expenditure within the financial parameters delegated under the Academy's formal scheme of delegation – please refer to the Academy's Financial Terms of Reference and Responsibilities document;
- signing cheques in conjunction with the Chief Financial Officer or other authorised signatories as set out in the Academy's bank mandate;

The Business Manager (also known as The Chief Financial Officer)

The Business Manager works in close collaboration with the Head through whom he or she is responsible to the Board of Governors. The Business Manager also has direct access to the Board via the designated Finance Governor.

The main responsibilities of the Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Academy's financial position at a strategic and operational level within the framework for financial control determined by The Board of Governors;
- 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 for overview by the Head and Finance Governor;
- signing cheques in conjunction with the Head or other authorised signatories as set out in the Academy's bank mandate;

- ensuring forms and returns are sent to the DfE in line with the timetable requirements determined and advised by the DfE;

The Responsible Officer

The Responsible Officer is appointed by the Board of Governors and provides Governors with an independent oversight of the Academy's financial affairs. The main duties of the Responsible Officer are to provide the Board of Governors with independent assurance that:

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

The Responsible Officer will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Governors.

A report of the findings from each visit will be presented to the Board of Governors. Detailed guidance on the transactions to be checked by the Responsible Officer is set out in the requisite DfE guidance notes.

Other Staff

Other members of staff, primarily the Administrator and any Administrative Assistant will have some financial responsibilities and these are detailed in the following sections of this paper.

All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

Register of Interests

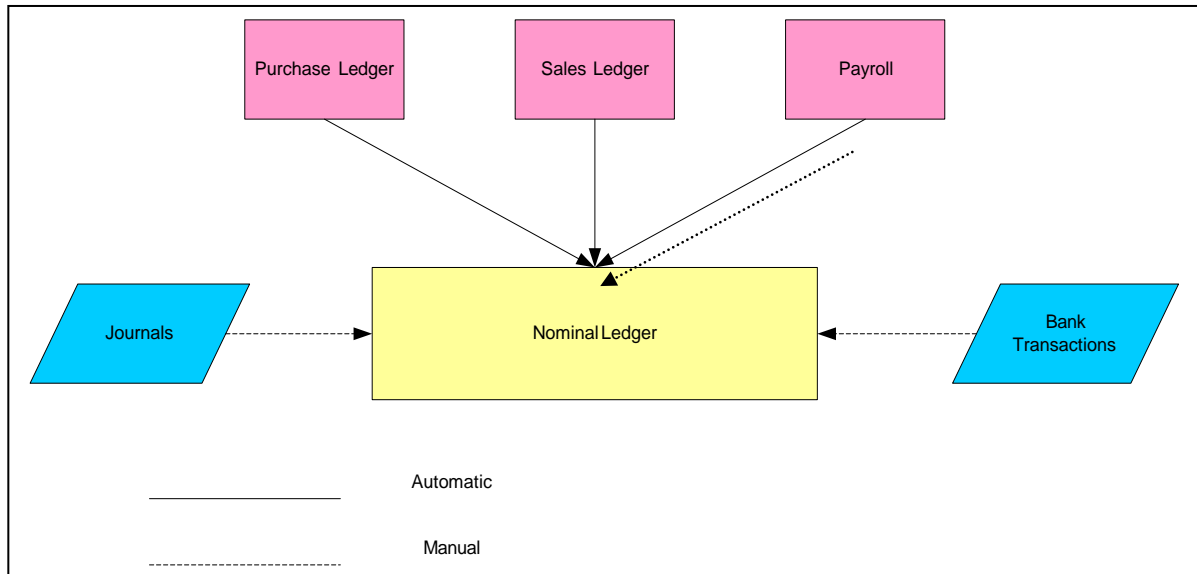
It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Academy may purchase goods or services. The register is open to public inspection.

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

Accounting system

All the financial transactions of the academy must be recorded on the CORERO accounting system. The CORERO system is operated by the Administration Department and consists of:



System Access

Entry to the CORERO system is password restricted and the Chief Financial Officer is responsible for implementing a system which ensures that passwords are issued to users.

Access to the component parts of the Corero system can also be restricted and the Chief Financial Officer is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

The Business Manager is responsible for ensuring that there are effective back up procedures for the system.

In conjunction with Technical Support Solutions the main server, located in a cupboard in the administration office is backed up to separate server located some distance away in the current key Stage 1 corridor. This is currently required as adequate due to the distance between the respective units.

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

The Business Manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this procedures paper with the exception of card/cash payments made by the Head or Business Manager < the current £200 threshold.

In the case of such payments made < £200 it is acceptable for manual entry to be made, without a pre-approved Purchase Order being in place, with a counter signature procured i.e. if payment is made by the Business Manager without a purchase order there should be a retrospective signature from the Accounting Officer – vice versa applies if payment initiated by the Accounting Officer.

The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in later sections of this procedures paper.

Transaction Reports

The Business Manager will obtain and review system reports to ensure that only approved transactions are posted to the accounting system. The report obtained and reviewed will include:

- the monthly audit trail reports;
- the monthly Management accounts summarising expenditure and income against budget.

Reconciliations

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

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

The monthly reconciliations are to be overviewed on a monthly basis by both the Accounting Officer and designated Governor responsible for financial overview, both of whom will sign in confirmation that the overview has been duly completed.

Financial planning

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

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

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

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

The Development Plan

The Development plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the 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 may be integrated, such as IT, English or Numeracy.

The form and content of the development plan are matters for the Academy 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 Head will propose a self-evaluation cycle and timetable to The Board of Governors which allows for:

- A review of past activities, aims and objectives - "did we get it right?"
- Definition or redefinition of aims and objectives – "are the aims still relevant?"
- Development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
- Feedback into the next planning cycle – "what worked successfully and how can we improve?"

The self -evaluation schedule will outline deadlines, responsibilities and impact.

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

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned by the Head. The responsible person will monitor performance against the defined success criteria throughout the year and report to the senior leadership team every on a regular basis. The senior leadership team and/or Head will report to The Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head and The Board of Governors.

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

The annual budget will reflect the best estimate of the resources available to the Academy

for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of students to estimate the amount of DFE 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
- a review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail 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.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Business Manager for approval by the Head and The Board of Governors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

Monitoring and Review

Monthly reports will be prepared by the Business Manager. The reports will detail actual income and expenditure against budget at a summary level for the Head and the Governor with designated responsibility for financial overview.

These reports will also be summarised for the information of the full Board of Governors at their regular meetings. 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 in accordance with the Academy's approved scheme of delegation as set out in the Financial Terms of Reference and Responsibilities paper.

Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

See Payroll procedures **Section 1** for further details.

Staff Appointments

The Academy's approved scheme of delegation as set out in the Financial Terms of Reference and Responsibilities paper dictates whether appointments can be made solely by the Head or only in conjunction with the Board of Governors.

At all times due diligence must be applied to ensure that adequate budgetary provision exists for any staff appointments made. This is particularly relevant if the appointment is for a newly created position rather than an infill for an existing role which has become vacant.

The Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the NELC HR department immediately who act on behalf of the Academy at the present time. The Payroll function is currently outsourced to a payroll provider. They provide a detailed summary for a journal to be raised.

Purchasing

The academy seeks to achieve the best value for money from all our purchases. This means they aim to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

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

See purchasing procedures **Section 2** for further details.

Forms of Tenders

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

Open Tender: This is where all potential suppliers are invited to tender. The Head and the Business Manager determine 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 are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

As the Academy has built up a track record of working relationships with a number of local suppliers, who have proven themselves to be both competent and price competitive, the current practice is to seek a restricted tender approach from 3 potential suppliers identified by the Head and/or Business Manager.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,
- extreme urgency exists,
- Additional deliveries by the existing supplier are justified.

See Tendering procedures on **Section 3** for further details.

Income

The main sources of income for the Academy are the grants from the DfE. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy may also obtain income from:

- pupils, mainly as voluntary contributions towards educational visits ; and
- the private day nursery on site as a letting
- fundraising
- sales of uniform and stationary

See Income procedures on **Section 4** for further details.

Cash Management

Bank Accounts

The opening of all new accounts must be authorised by The Board of Governors unless otherwise allowed within the scheme of delegation or the Academy's separate Cash Management Policy.

The arrangements covering the mandate operation of accounts, including any transfers between accounts, cheque signing arrangements, operation of systems such as Bankers Automatic Clearing System (BACS) and/or other means of online/electronic transfer of funds must also be subject to the same level of control.

Deposits

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

All cheques, online banking payments and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories on the bank mandate which should include as a minimum:

- Head;
- Business Manager;
- Deputy Head;
- Any other designated member of the Senior Leadership Team (currently at the time if writing SENCO).

This provision applies to all accounts, public or private, operated by or on behalf of The Board of Trustees of the academy.

Authorised signatories must not sign a cheque relating to reimbursed expenses for which they are claiming.

Administration

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

- all bank accounts are reconciled to the academy's cash book;
- reconciliations are prepared by the Business Manager
- reconciliations are subject to an independent monthly review carried out by the governor with designated responsibility for financial overview and
- any adjustments arising are dealt with promptly.

Petty Cash Accounts

The Academy maintains maximum cash balance of £500. The cash is administered by the Academy Office Staff and is kept in the office lockable cupboard.

Individual payments are limited to £50 however the Business Manager may authorise payments above £50 if required.

Deposits

The deposits to petty cash should be from either cheques cashed specifically for that purpose or as per the current practice withdrawals made by the Head or Business Manager, who both have access to the debit card linked to the current account. The receipt is then recorded in the petty cash system. All other cash receipts for whatever reason should normally be paid directly into the Bank.

Payments and Withdrawals

In the interests of security, petty cash payments are made by the Head or Business Manager. A cash transfer is then completed on Corero from the current account into the petty cash account.

Higher value payments should be made by cheque or online banking directly from the main bank account as a cash book payment. Staff expenses including travel, parking and hotel accommodation will only be reimbursed via cheques. The exception to this is Humber Bridge Toll and local car park fees for the purpose of taking the banking into town.

Administration

The Business Manager or assistant is responsible for entering all transactions into the petty cash records. On an occasional and unannounced basis cash checks should be undertaken by the Governor with designated responsibility for financial overview or internal/external auditors to ensure that the cash balance reconciles to supporting documentation.

Physical Security

Petty cash should be held in a locked cash box which is put in the lockable cupboard overnight.

Cash Flow Forecasts

The Business Manager is responsible for preparing cash flow forecasts as and when determined or required by the Board of Governors to ensure that the academy has sufficient funds available to pay for day to day operations.

Investments

Investments must be made only in accordance with written procedures approved by The Board of Governors as laid out in the separate Cash Management Policy paper.

All investments must be recorded in sufficient detail to identify the description of the investment, the date of purchase, cost and method of obtaining a current valuation assessment.

See Cash & Bank procedures on **Section 5** for further details.

Fixed assets

Asset register

All items purchased with a value over the academy's capitalisation limit, currently £2,000, must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- location
- disposal

At present the Academy does not apply a depreciation charge throughout the year as this is applied as part of the financial year end procedures with the Academy's auditors.

The Asset Register helps:

- 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.

Security of assets

Wherever possible stores and equipment must be secured by means of physical and other security devices.

All the items in the register should be permanently and visibly marked as the academy'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 Board of Governors.

Inventories of Academy 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

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Head and, where significant, the Board of Governors with the sale following competitive

tender process.

The Academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

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

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

Loan of Assets

Items of Academy property must not be removed from Academy premises without the authority of the Head. 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 Academy's auditors.

Academy Detailed Procedures

Section 1: PAYROLL

Section 2: PURCHASING

Section 3: TENDERS

Section 4: INCOME

Section 5: CASH & BANK

Section 6: VAT

1 Payroll

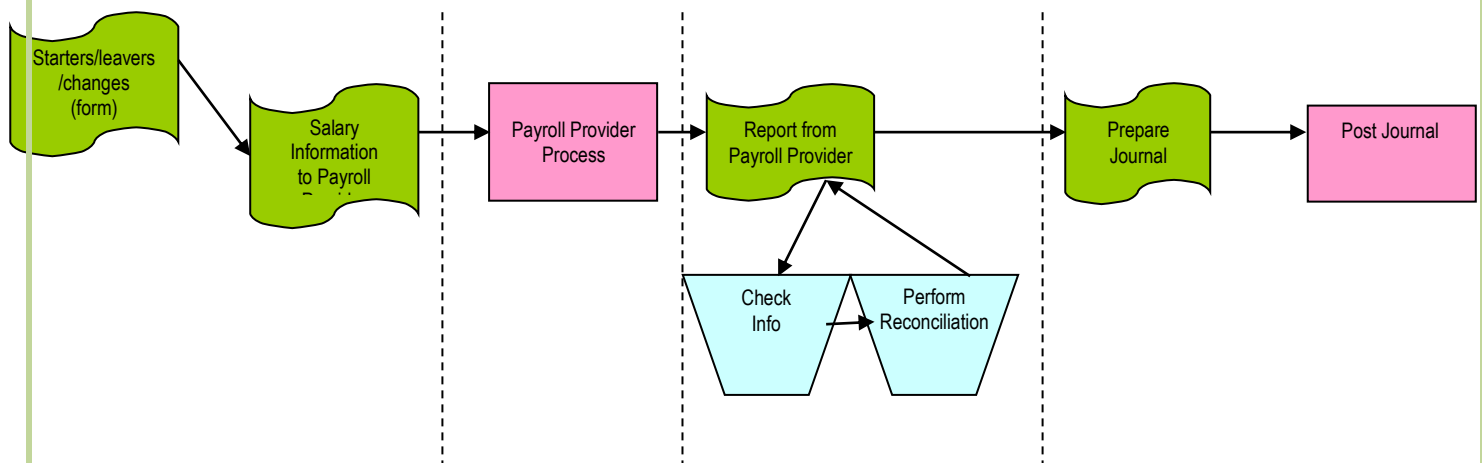
Introduction

Currently the payroll function for the Academy is outsourced to a payroll provider.

Therefore, the Academy needs to ensure that information is provided to the HR provider on time and that sufficient details are given.

Once the payroll provider has processed the salaries for the Academy, it is important that adequate checks are carried out.

Payroll Process



Step	Description	Requirements/Tasks	Who?
Prepare Information			
1	Starter & Leavers	<p>For each new Employee a new starter form must be emailed to the HR Provider, currently NELC. The form must give full details of the starter including pay grade, commencement date etc. A copy should be retained in their Personnel file.</p> <p>If there are any leavers in the month, the HR Provider must be notified and the date of exit confirmed. A copy of the resignation letter should</p>	Business Manager

		<p>also be sent to HR. A copy should be retained in the Personnel file.</p> <p>If there are any changes to contracts in the month the HR Provider must be notified using the Variation to Contract Form and the date of exit confirmed. A copy should be retained in the Personnel file.</p>	
2	Information prepared	<p>Once the HR Provider has been notified of all new starters and Leavers, an information pack can be prepared.</p> <p>This should contain any additional information that affects the payroll, (ie) Pay increases, deductions etc.</p> <p>This can then be sent to the HR Provider for the monthly processing.</p>	<p>Business Manager</p> <p>Administrator</p>
Payroll provider Process			
3	Salary Processing	<p>Once the payroll provider has received all the relevant information from the HR provider & the academy they will process the salaries for each employee of the Academy</p>	Payroll provider (Outsourced)
Checking of information			
4	Payroll provider Reports	<p>Once the payroll provider has processed the salaries they will send a report back to the Academy.</p> <p>This report needs to be checked to ensure that all starters and leavers have been accounted for correctly and that there have been no omissions. Gross pay will be checked on a monthly on a group basis and randomly in greater detail.</p>	Business Manager
Updating Accounts System			
5	Preparing	A journal can be prepared ensuring that all staff	

	Journal	are coded to their correct cost centres and that PAYE/NI contributions are accounted for correctly on the system.	Business Manager
6	Posting of Journal	The Journal can now be posted onto the system and information filed accordingly	Business Manager
7	Third Party Payments	Payroll provide a copy of the BACS file for the third party Payment to be made no later than the 5 th monthly. Business Manager not to pay invoice from Payroll until reconciled wages and third party contributions.	Payroll Provider/ Business Manager

2 Purchases

Introduction

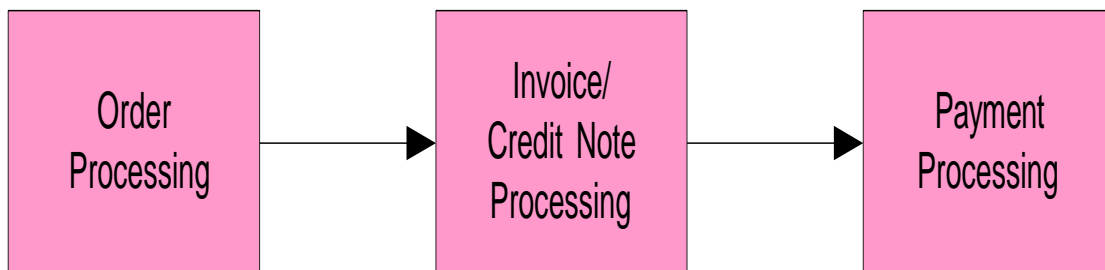
This section outlines the procedures required to process an order for the supply of goods and services.

In the event that Budget Holders other than the Head and/or Business Manager are appointed they will be informed of the budget available to them for the academic year. It is the responsibility of the budget holder to manage the budget and ensure that the funds available are not overspent.

A report detailing actual expenditure against budget will be supplied to each Budget Holder on a half-term basis, but they are also encouraged to keep their own records of orders placed and any income received.

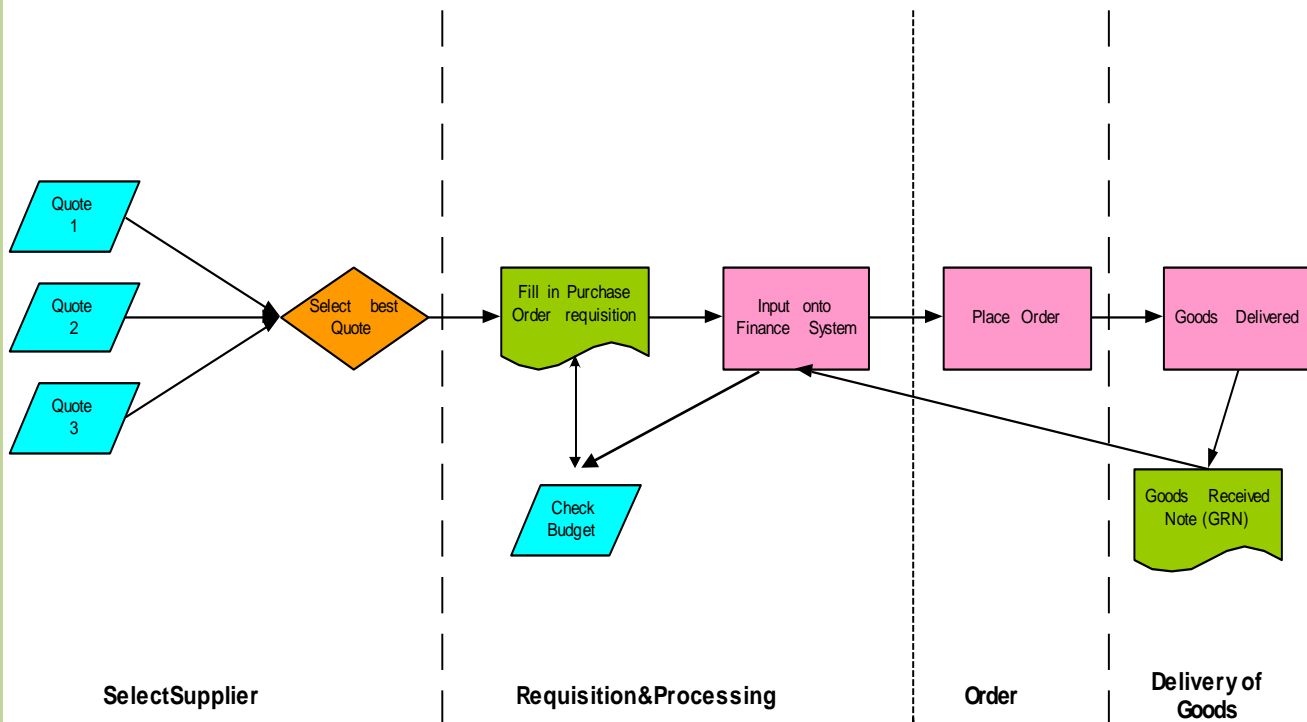
Overview of Processes

There are 3 main processes involved in purchasing, which are outlined in the below diagram:



Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

Ordering Process

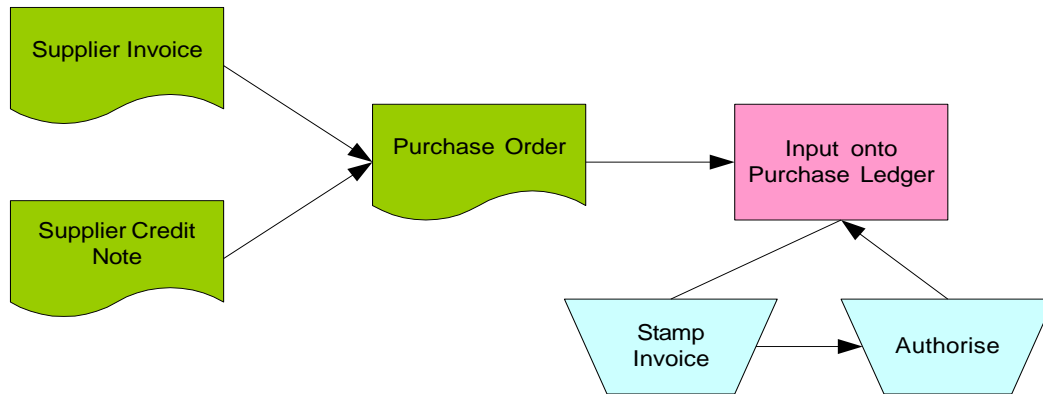


Step	Description	Requirements/Tasks	Who?
Select Supplier			
1a)	Orders up to £5,000 Inc. VAT	Person requesting items must seek Head's or Business Manager's approval via order form stating price and why needed. Head to sign form and give to Business Manager/Administrator who can order goods. Must compare catalogue prices and select the 'best value' product.	Head/Business Manager
1b)	Orders over £5,000 but less than £15,000 inc VAT	3 written quotations must be obtained to identify the best source of the goods/services when appropriate. These details should be retained by the budget holder. Telephone quotes are acceptable if followed by a faxed/emailed confirmation	In conjunction with Head and Business Manager

1c)	Orders over £15,000	As above but authorised prior to proceeding	Full Board of Governors
Requisition & Processing			
2	Purchase Order Form	Once the supplier has been selected the purchase order form needs to be completed. Exceptions to this will be emergency works authorised during the school holidays by the Site Manager who will inform the HT/Business Manager as soon as possible. For example, gas leak etc.	Business Manager and Administrator on Corero Site Manager
3	Entering onto Finance system	Once the order has been duly authorised the order it can be entered onto the accounting system. The Finance team will code the items to the relevant cost centres and nominal codes. Ensure the correct supplier has been selected and include any relevant information required. The CORERO system will only allow orders to be placed when funds are available.	As above
4	Budget Availability	Business Manager will then authorise the printed purchase order form or if above £5,000 Head to sign	Business Manager/Head
Order			
5	Placing the order	The order can then be placed with the supplier by telephone or faxing/emailing the purchase order to them. All authorised orders will be filed sequentially.	Administrator
Goods Received			
6	Delivery	When the order is delivered goods must be checked to the Good's Received Note (GRN). Goods should also be checked for quality and any sub-standard items must be returned and noted on the GRN.	Administrator or Assistant

	Purchase Order checked to Goods received note	The purchase order on the system is then checked to the GRN and any discrepancies noted on the suppliers account. The GRN is then filed with the relevant Purchase Order.	Administrator or Assistant
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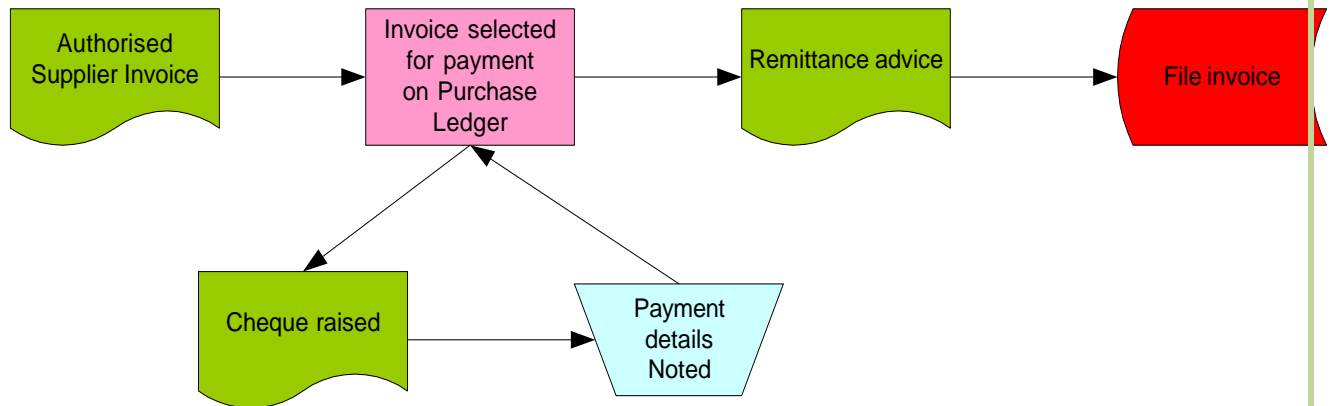
Invoice Processing



Step	Description	Requirements/Tasks	Who?
1	Invoice received	All invoices must be sent to the finance office. When the invoice is received it is matched with the purchase order and checked to ensure we have only been charged for what we have ordered/received. Discrepancies must be discussed with the budget holder.	Business Manager/ Administrator
2	Inputting on to the system	Once the invoice has been matched to the PO it can then be entered onto the purchase ledger system using the invoice function. Ensuring that the correct supplier has been selected and that sufficient information is entered. (ie) Invoice number, date of invoice etc	As above
3	Stamping of Invoice	The invoice can then be stamped and relevant boxes filled in.	As above
5		The invoice is now ready for payment and should be filed in the invoices awaiting payment file.	As above
	CREDIT NOTES	<p>If a credit note is received check it against the supplier account and ensure you can tie it back to the original order.</p> <p>Input the credit note onto the system using the credit note function on the Sales Ledger.</p> <p>Check whether the invoice has been paid or if it is</p>	As above

		<p>pending the receipt of the credit note.</p> <p>If the invoice has been paid ensure that the credit note is taken off the next payment to the supplier. Or request a refund from the supplier.</p> <p>If the invoice has not been paid, when processing for payment ensure that the payment amount is the original invoice less credit note.</p> <p>Credit notes issued but not used against a payment should also be filed in the invoices awaiting payment file.</p>	
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Payment of Invoice



Step	Description	Requirements/Tasks	Who?
1	Authorised Invoice	Check that the PO has been authorised by the relevant budget holder and countersigned by the Business Manager/Head.	Administrator
2	Processing	Select the invoices for payment on the purchase ledger system. Ensure that all credit notes relating to the suppliers have been deducted where possible.	Business Manager
3	Cheque Run	Once selected you can now print cheques including remittance advices. Manually write cheques.	Business Manager
4	Authorising	Once the cheque payment has been raised, the invoices/payments can then be authorised by 2 of the signatories.	Head/Business Manager, Deputy or designated SLT member
5	Filing	File the invoices in alphabetical order of suppliers along with the authorised cheque run report and printed remittance advices.	Business Manager

3 Preparation for Tender

Full consideration should 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 an open or restrictive tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

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

NB the following Tender Acceptance, Opening and Evaluation requirements only apply when specifically required by the Board of Governors.

Tender Acceptance Procedures

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

Tender Opening Procedures

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

- For contracts up to £15,000 - two of the Head, the Business Manager or designated Finance Governor;
- For contracts over £15,000 – The Business Manager and the Head and a member of the Board of Governors.

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

Tendering Procedures

- The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- Full records should be kept of all criteria used for evaluation and for contracts over £15,000 a report should be prepared for The Board of Governors highlighting the relevant issues and recommending a decision.
- For contracts under £15,000 the decision and criteria should be reported to The Board of Governors.
- Where required by the conditions attached to a specific grant from the DfE, the department's 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, after taking into account all relevant factors. All parties should then be informed of the decision.
- For the accepted tender, references will be sought on their financial, competence/ability to fulfil the contract.

4 Income

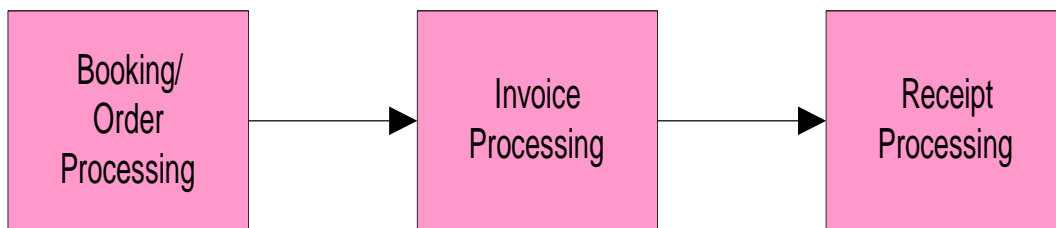
Introduction

This section outlines the procedures required to process a Sales Order for the supply of goods and services.

Income received for Academy Trips should be handed into the finance office to bank in the Academy Bank account. The Trip organiser is responsible for ensuring that all monies are collected and for any administration the trip needs. No monies should ever be left in classrooms.

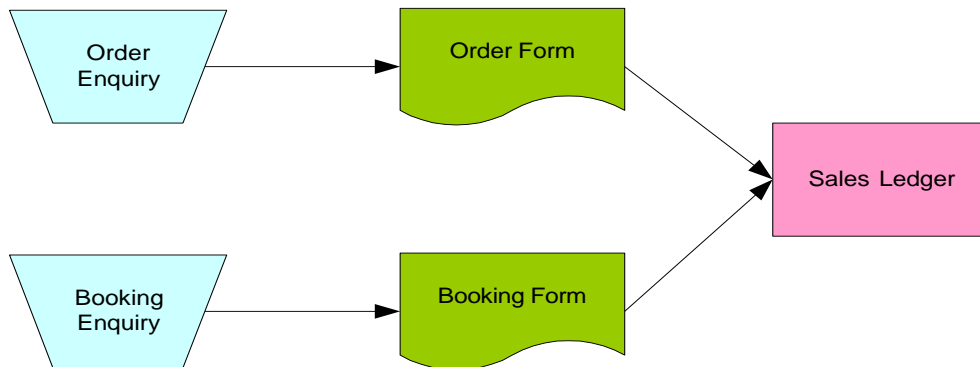
Income Process

There are 3 main processes involved for Income, which are outlined in the diagram below:



Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

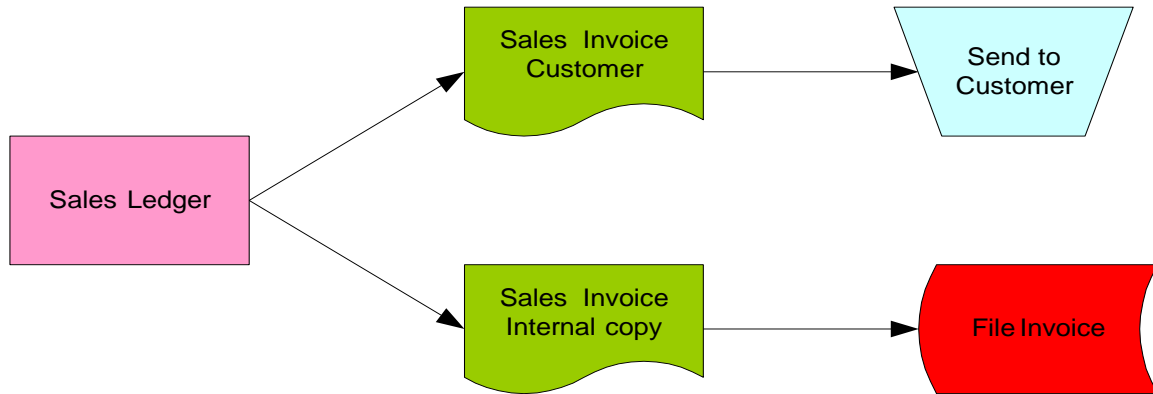
Booking / Order Processing – at this time there are no bookings taken in the Academy.



Step	Description	Requirements/Tasks	Who?
Enquiry			
1	Customer Enquiry	<p>When a potential customer purchases stationery, school uniform etc.</p> <p>The customer must be given clear and precise information on the cost, availability and any special requirements. (ie)</p>	Academy office staff
2	Completing Booking/ Order Form	<p>Once the customer has confirmed they would like to continue with the Order, the appropriate documentation must be filled out.</p> <p>If the customer is purchasing equipment/goods from the Academy then an Order Form should be completed if necessary. (certain items will be sold from the shop and a receipt will be given) Once the order form has been completed the finance team can advise on delivery etc.</p>	<p>Enter into cash till under correct code and give receipt</p> <p>For Ed visits fill in customers payment card and master copy</p> <p>For school meals enter onto school meal income sheet and give receipt</p>
Processing			

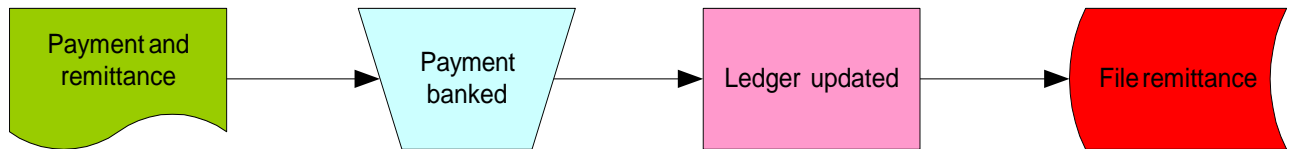
3	Entering forms onto the system	The orders/bookings can now be entered onto the system ensuring they are coded to the correct income centres and nominal codes.	See above
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Invoice Processing



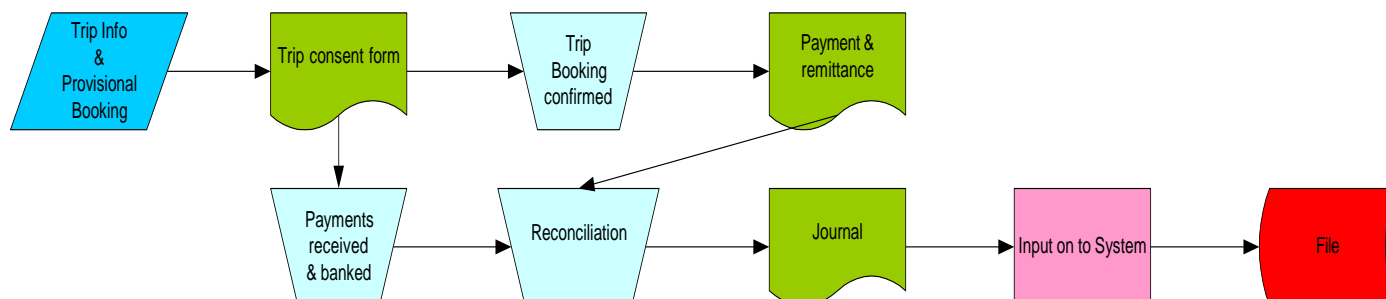
Step	Description	Requirements/Tasks	Who?
Sales Invoice			
1	Create Invoice	Once the Booking/order forms have been entered onto the system you can now raise an invoice. Ensure that the customer account has been set up and that no VAT element is charged (unless the Academy has subsequently registered for VAT)	Business Manager
2	Print invoice	Print 2 copies of the invoice, one for the customer and one for internal purposes.	As above
3	Send Invoice	Send invoice to customer and file internal copy in numerical order	As above
4	VAT note	It is important to keep a register of all sales that would normally incur VAT. This will ensure that the Academy registers in time for VAT should sales occur/increase above the relevant threshold. (see VAT Section 6)	As above

Receipt Processing and Chasing of Debts



Step	Description	Requirements/Tasks	Who?
Payment			
1	Payment Received	The customer should then send a payment via cheque or cash or BACS along with a remittance advice detailing which invoices they are paying. (some may just send back copies of the sales invoices)	Administrator record in bank income book
2	Banking/Cash cheques	The payment should then be banked with clear details entered in the paying book, including customer, invoice and amount.	Administrator
3	Update ledger	The ledger can now be updated to show that payment has been received. It is a good idea to enter the paying book reference in case any queries arise later on.	Business Manager
4	Chasing of Debts	Aged Debtor report run weekly. Debts older than 30 days chased. Pro forma letters 1, 2, and 3.	Business Manager

Academy Trips Income



Step	Description	Requirements/Tasks	Who?
Academy Trip			
1	Gathering of information and provisional booking	<p>The organiser should gather information regarding the proposed trip including costs, availability etc. They should then consult the Head for authorisation that the trip can take place. Complete EVO1 and Risk assessments. See office staff to put on EVOLVE.</p> <p>Once they have gathered the information and the trip is feasible a provisional booking can be made.</p>	Trip Organiser/ Administrator
2	Consent Form	A consent form will then need to be sent to the parents of each student detailing the itinerary of the trip and the total cost.	Trip Organiser
3	Receipt of monies	<p>The preferred method of payment for parents is via the payment option on the Academy's parent mail section of the website.</p> <p>Students may alternatively hand in their payments to the trip organiser or nominated collector. They will then be given a receipt (or payment record card will be signed)</p>	Trip Organiser / Collector/ Administrator

		The monies will then be handed into the finance office each day for banking into the Fund Account.	
4	Confirm Booking	Once the required number of students has confirmed their attendance, the Trip booking should be confirmed with all parties involved. (ie) Coach Hirer's, Venue etc	Trip Organiser
5	Payment Request	A payment request/requests should then be raised for each element of the trip. These should be countersigned by the Head.	Trip Organiser
6	Payment	Cheques can be issued to the suppliers and authorised accordingly (cheques should be made from the fund account)	Business Manager
7	Reconciliation	Once all payments have been received from the students a reconciliation can be performed between the income and expenditure. A deficit may occur due to the Academy's ethos that no student should be disadvantaged from taking part due to family finances. With effect from 2019-20 financial year any deficit on school trips should be reported to the Board of Governors annually.	Trip Organiser/ Business Manager
8	Journal	A journal should then be prepared for the educational visit part of which may be detailed on the parent mail system.	Business Manager
9	Input onto system/Filing	The journal can then be entered onto the system and a copy including reconciliation filed.	Business Manager

Cash & Bank

Introduction

This section outlines the procedures required to process receipts and payments from the Bank and/or Petty Cash.

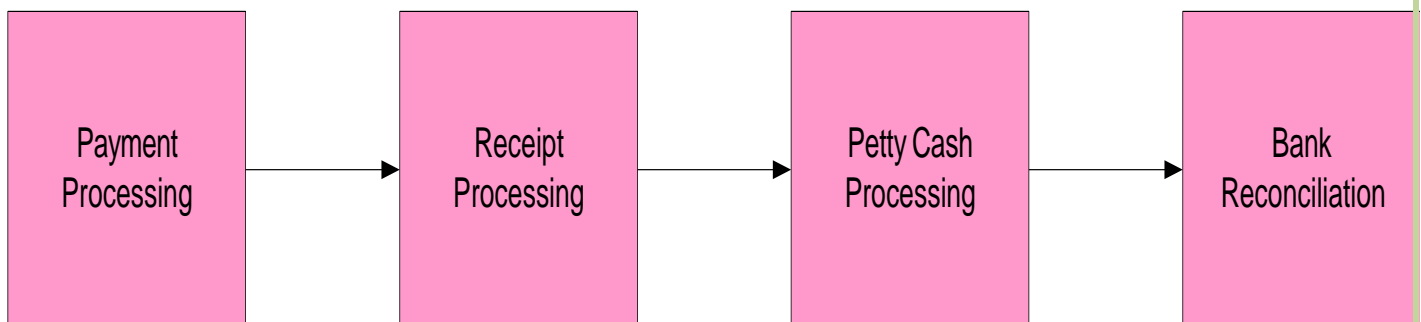
The finance team are responsible for ensuring all monies are banked on a regularly basis and that no cash above the insured limited is kept in the safe.

Bank reconciliations should be carried out at least monthly, with any discrepancies or queries being followed up immediately.

Any transfers between accounts should be entered onto the system using the transfer function or by a journal.

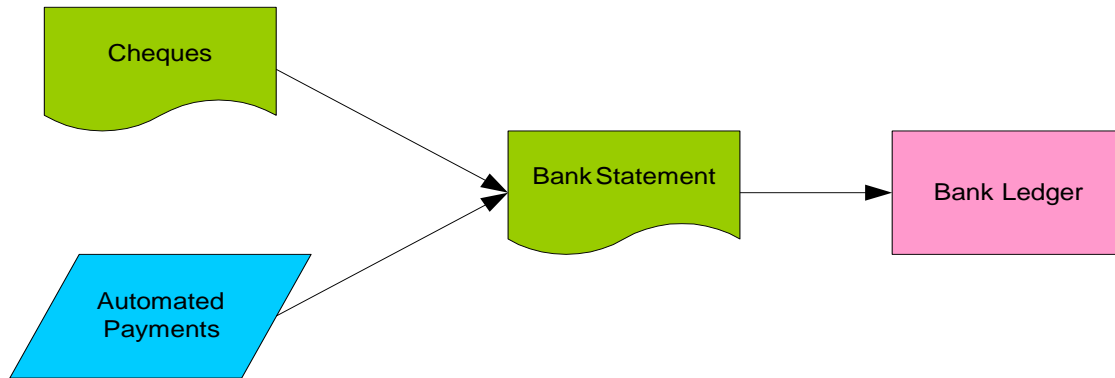
Bank/Cash Processes

There are 4 main processes involved in the Bank/Cash section, which are outlined in the diagram below:



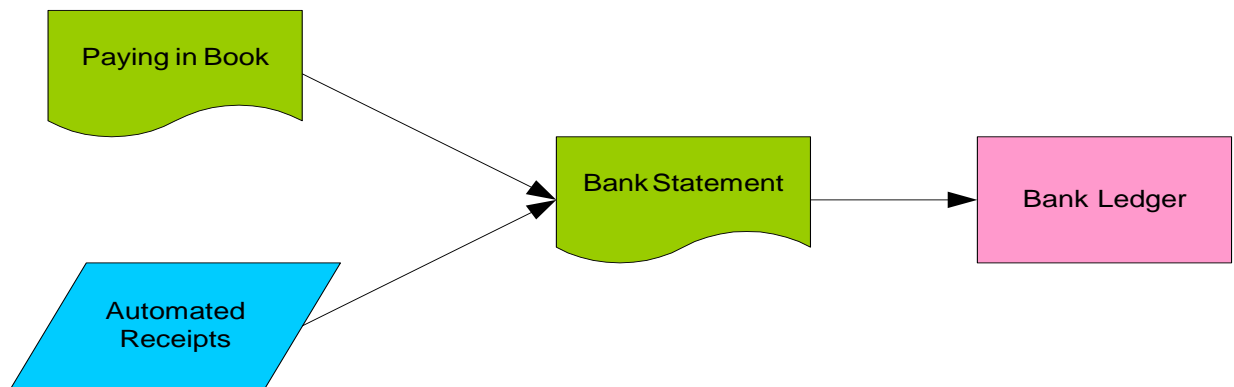
Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

Payment Process



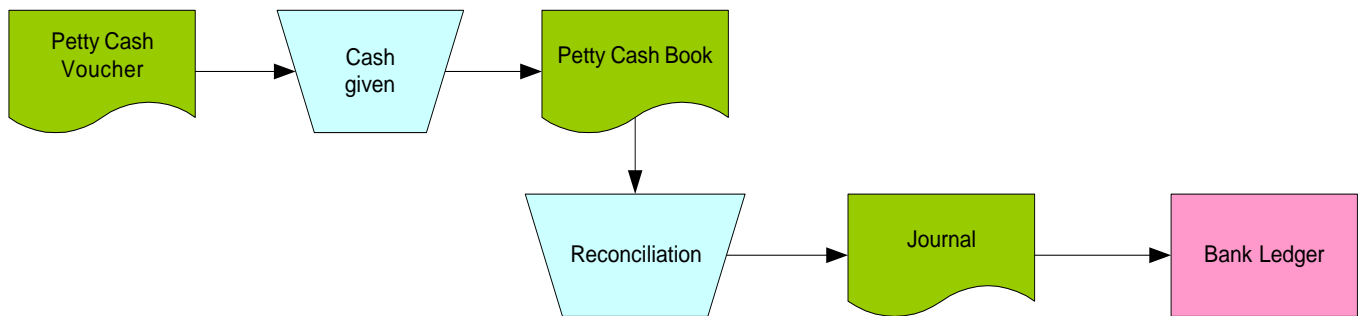
Step	Description	Requirements/Tasks	Who?
1	Payments	Identify the payments on the bank statement highlighting those that are cheque payments or those that have automatically been debited from the account.	Business Manager
2	Cheques	All Cheque payments should already appear on the system as they would have been allocated to an invoice/supplier. If any cheques are not on the system you will need to check who the payment was to from the cheque stubs or cheque run reports. Once you have identified the payment and ensured it hasn't been posted incorrectly before (ie wrong cheque number recorded), you can post it onto the system.	Business Manager
3	Automated Payments	Automated payments will need to be allocated to the correct supplier and posted onto the system. Bank interest payments or maintenance costs will need to be posted direct to the cost code. Either through the bank payment function on the system or by journal.	Business Manager

Receipt Processing



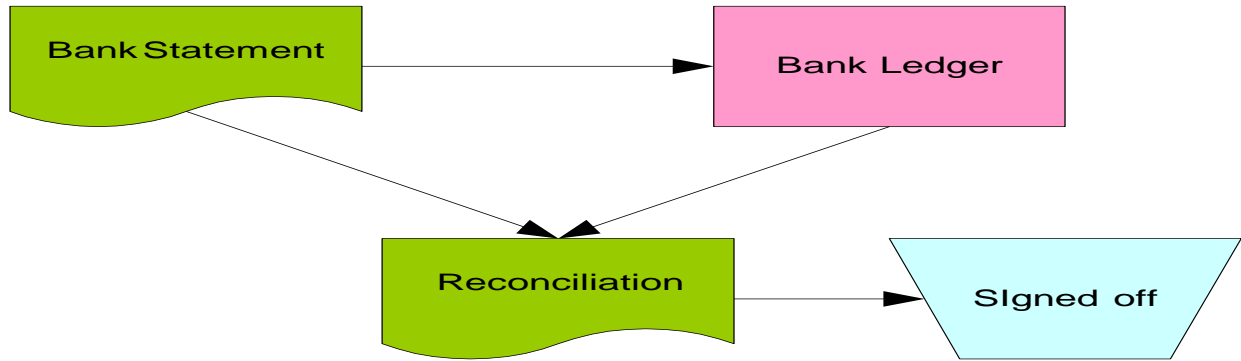
Step	Description	Requirements/Tasks	Who?
1	Receipts	Identify the receipts on the bank statement highlighting those that were banked using the paying in book and those that have automatically been credited to the account.	Business Manager
2	Paying Book	Receipts from customers should already have been allocated on the system against the correct invoice/customer. Any amounts from the paying in book that haven't been entered onto the system need to be investigated. Once you have identified what the receipt is for and that it hasn't already been posted incorrectly, you can enter it onto the system.	Business Manager
3	Automated Credits	Automated credits to the bank account should be identified and matched to the correct customer. Credits for bank interest should be posted onto the system using the bank receipt function or by a journal.	Business Manager

Petty Cash Processing



Step	Description	Requirements/Tasks	Who?
1	Petty Cash Voucher	Receipts should be presented by the claimant to the Business Manager	Claimant/Business Manager
2	Cash	The claimant will then receive a cash payment which they sign for to confirm receipt. Detailed records of transaction kept on a spreadsheet. When the cash float of £500 runs low Business Manager will request Head to draw out more petty cash.	Claimant Business Manager/ Administration
3	Update Cash Book	The petty cash book is then updated on Corero detailing the nature of the expense and the date.	Business Manager/ Administration
4	Reconciliation	A periodic reconciliation should be performed confirming the cash balance held is correct. Any discrepancies should be identified and noted.	Business Manager
7	Reimburse Imprest Cash	Once the journal is posted the Business Manager may request more imprest if needed from Head.	Head/ Business Manager

Bank Reconciliation



Step	Description	Requirements/Tasks	Who?
1	Bank Statements	Ensure Bank statements have been received and if not then request copies. Business Manager can check statements on line when needed.	Business Manager
2	Bank Reconciliation	Going into the bank reconciliation function on the system and select all items that have appeared on the bank statement. Items outstanding will carry forward to the following month.	Business Manager
3	Identify reconciling Items	Any items appearing on the system but not on the bank statement need to be included on your reconciliation. Items on the bank statement that you have not posted due to lack of information also need to be included on the reconciliation.	Business Manager
4	Complete Reconciliation	Complete the requisite reconciliation form in use at the time.	Business Manager
5	Old items	Any items that are older than six months need to	Business

		be investigated. Cheques that have not been presented may need to be re-issued.	Manager
6	Signed Off	<p>Once the reconciliation has been completed and any old items investigated, the report should be filed in the monthly reconciliation folder for the monthly check by the Head and Governor with designated responsibility for financial overview.</p> <p>Both Head and Governor should review the reconciliation and authorise it.</p>	Head/Governor

6 VAT issues

VAT claims are sent to HMRC on a monthly basis. They are usually completed middle of the way through the next month to ensure that all invoices/receipts have been processed. The VAT reconciliation forms part of the monthly check.
