



Walkwood

Church of England  Middle School

Finance Policy & Procedures

2020-21

Governing Body Committee responsible:	Staff, Premises and Commerce		
Approval granted:	10 November 2020	Review date:	Autumn 2021

“Render therefore to Caesar the things that are Caesar’s, and to God the things that are God’s.”

Matthew 22:21

“The vision, in line with the Church of England’s role as the established Church, is for the common good of the whole human community and its environment, whether national, regional or local. It is hospitable to diversity, respects freedom of religion and belief, and encourages others to contribute from the depths of their own traditions and understandings.”

Deeply Christian, Serving the Common Good, 2016

“The core purpose of any Church school is to maximise the learning potential of every pupil within the love of God.”

SIAMS (Statutory Inspection of Anglican and Methodist Schools) 2012



Introduction

The purpose of this document is to ensure that Walkwood Academy maintains and develops systems of financial control which conform with the requirements of propriety and good financial management and to the requirements of our funding agreement with the Department for Education (DfE).

The Academy must comply with the principles of financial control outlined in the academies guidance published by the DfE. This document expands on that and provides detailed information on the Academy's financial policy and procedures.

This document is to be reviewed annually by the Trustees and either agreed at the Full Board meeting or be delegated to the Staff, Premises & Commerce Committee.

Organisation

Walkwood Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

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 governors and staff.

The governing body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the governing body are listed in the Funding Agreement between Walkwood Academy Trust and the DfE. The main responsibilities include:

- Ensuring that grants from the DfE are used only for the purposes intended
- Set spending priorities
- Delegate decisions, where relevant to sub-committees
- Appointment of the Principal

The Staff, Premises & Commerce (SPC) Committee is a sub-committee of the governing body. The SPC meets at least once a term. The main responsibilities of the SPC are detailed in the written terms of reference and include:

- The initial review and authorisation of the annual budget
- The regular monitoring of the budget
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act, 2006 and the Charity Commission's document "Accounting and Reporting by Charities: Statement of Recommended Practice, 2005 (SORP)"
- Authorising orders and contracts over £15,000
- Reviewing the Responsible Officer reports and report back to the Full Board
- Discussing and identify areas where the school may be vulnerable to fraudulent activity and determine strategies to detect and prevent fraud.



The Principal

Within the framework of the Academy's development plan the Principal has overall responsibility for the Academy's activities including financial activities. The Principal's responsibilities include:

- Approving new staff appointments within the establishment except for senior posts where representatives of the governing body will take part in the decision process
- Authorise budget virements of up to £15,000
- Authorising orders and contracts up to the value of £15,000. Above £15,000 approval must be sought from the SPC Committee
- Authorising BACS payment runs
- Being a signatory for the Academy's bank accounts
- Reporting incidences of fraud to Governors

The Business Manager

The Business Manager works in close collaboration with the Principal. The Business Manager also acts as Company Secretary for the Academy and works with the Governors and Accountants to ensure that all company secretary responsibilities are met. The main responsibilities for the Business Manager are:

- Be responsible for implementing the finance policies of the school, financial processing and monitoring the overall budget
- 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
- Prepare the annual budget in conjunction with the Principal
- Prepare monthly budget and management reports
- Monitor the Academy's budget
- Ensuring forms and returns are sent to the DfE in line with their timetable

The Responsible Officer

The Responsible Officer is appointed by the Business Manager with approval from the SPC Committee and provides governors with an independent review of the Academy's financial affairs and the assurance that:

- The financial responsibilities of the governing body are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Good systems of internal financial control are being maintained
- Financial considerations are fully taken into account in reaching decisions



The Responsible Officer will undertake a quarterly review to ensure that financial transactions have been properly processed and that controls are operating correctly. A report of findings from each visit will be presented at the SPC Committee meeting with the details being reported back to the Full Board.

Other Staff

All staff are responsible for the security of Academy property, for avoiding loss or damage, for preventing fraud and for ensuring economy and efficiency in the use of resources. Heads of Department are responsible for ensuring that they do not exceed their department budget unless prior approval is given by the Principal.

Register of Business Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any 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 whom the academy may purchase goods or services. At the beginning of all governors' meetings a register of interests is noted and Governors must complete a declaration of interest form annually when requested by the Clerk to the Governors and also when those interests change.

Related Party Interest

The Related Party Interest register should include all business interests such as directorships, shareholdings 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.

Both Register of Business Interests and Related Party Interest information is collected annually.

All transactions with related parties that take place on or after 1 April 2019 will be reported to the ESFA in advance of the transaction taking place.

Prior approval will be gained from the ESFA for contracts for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- a contract exceeding £20,000;
- a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August;
- a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

The above transactions with related parties will not include salaries or other payments made by the trust to a person under a contract of employment through the trust's payroll.



The contributions made by our academy trust to the Diocese of Worcester for services it receives associated with securing the academy trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.

Financial Planning

Short Term Plan

The Academy prepares a detailed budget forecast during the summer term prior to the academic year. This comprises of known costs with a contingency built in for unexpected changes.

Medium Term Plan

The medium term financial plan is in line with the continuing development of the Academy's aims and objectives. The aims and objectives and how the Academy is going to achieve them are factored into the medium term financial plan and are based on current resources over the next three years.

Annual Budget

The Principal and Business Manager are responsible for preparing and obtaining approval for the annual budget. The budget must be approved in accordance with the roles and responsibilities as set out above.

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.

The budget planning process will incorporate the following:

- Forecast the likely number of pupils to estimate the amount of income the Academy should receive from the DfE
- Review of other income sources
- Predicted salary expenditure
- Predict the expenditure expected relating to forthcoming projects and general expenditure
- Review past performance for benchmarking
- Balance the budget
- Approval of the budget
- Budget forecast to ESFA (DfE)

Monitoring and Review

Monthly reports will be prepared by the Business Manager. The reports will detail actual income and expenditure against the budget for Department Heads, Senior Leadership and SPC Governors. The report for Senior Leadership and SPC Governors will include a projected outturn.

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.

Reserves

Schools are expected to hold contingency reserves from their annual GAG funding or other income. The purpose of holding a reserve is to:



- act as a contingency for unexpected expenditure;
- minimise the impact and transition of any reductions in funding or student numbers; and
- fund future expenditure related to the School Development Plan, strategic long-term aims and developments.

A contingency of free reserves is to be maintained of approximately £100,000 or 4% of the year's GAG funding (whichever is the lower).

Additional reserves may be set aside for significant projects that cannot be met by future income alone.

The school may accumulate funds from private sources to defray for the benefit of the school as the Governing Body sees fit.

Accounting Systems

The Academy currently uses Xero as its main accounting system. System access is via a password which is changed regularly via a system prompt. Parental funds are paid via ParentPay and are accounted for accordingly.

Purchasing

The Academy achieves the best value for money it can from all their purchases, whether goods or services. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance. A large proportion of purchases will be paid for with public funds and the Academy needs 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

Budget holders will be informed of their Department budget at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A memorandum will be given to each budget holder at the end of each month detailing expenditure to date.

Budget holders should present their orders to the Finance Staff for processing. Orders will then be presented to the Principal or in his absence, the Assistant Heads for authorisation via Xero. The purchase order will then be despatched to the supplier. Details of the order will be retained in the office.

It is possible to order items via the telephone/internet using the Academy Charge Card. In this instance the Business Manager authorises the order using the card number.

Petty Cash

The school does not hold petty cash.



Receipt of Goods

When goods are received they should be checked immediately. On receipt the Finance Staff processes the invoice. Should an invoice not balance with the cost of the order the item is queried until authorised for clearance by the Principal.

All invoices are held in the school.

Novel, contentious and repercussive transactions

Novel, contentious and/or repercussive transactions must always be referred to the Education & Skills Funding Agency for explicit prior authorisation.

- Novel payments or other transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust.
- Contentious transactions are those which might give rise to criticism of the trust by Parliament, and/or the public, and/or the media.
- Repercussive transactions are those which are likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

Borrowing

The academy will seek Education & Skills Funding Agency's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

Leases

There are 2 types of lease:

- Operating leases: these do not represent borrowing.
- Finance leases: these are a form of borrowing.

The academy does not require ESFA's approval for operating leases except for some transactions relating to land or buildings.

The academy must obtain ESFA's prior approval for the following leasing transactions:

- Taking up a finance lease on any class of asset for any duration from another party (borrowing)
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven years or more
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

The academy must ensure that any lease arrangement maintains the principles of value for money, regularity and propriety whether or not ESFA's prior approval is required. The academy will seek advice from our professional financial adviser and / or external auditor if we are in any doubt over whether a lease involves an element of borrowing.



Tenders/Contracts

For the supply of goods or services :-

up to £5,000

For expenditures up to £5,000, value for money shall be maintained. Costs of goods and rates for services shall be reviewed a minimum of once every 3 years. For example, catalogue pricing may be used.

£5,001 - £20,000

Minimum of 3 written quotations must be obtained based on written specifications. Quotations to be retained.

£20,001 – £50,000

Minimum of 4 formal tenders or written quotations to be invited and must be retained.

£50,001 – EU Threshold

Minimum of 4 formal tenders to be invited and retained.

Unsuccessful tenders/quotes must be retained for a minimum of one year following completion of the contract. Successful tenders/quotes and supporting documentation showing the decision making process are retained for six years following completion of the contact.

In the event of insufficient suitable suppliers or time constraints regarding particular works this process can be amended with approval from the Principal and SPC Committee.

Forms of Tenders

Open Tender

All potential suppliers are invited to tender. This is the preferred method of tendering as it is most conducive to competition and the propriety of public funds.

Restricted Tender

Suppliers are invited to tender. This may be appropriate where there is a need to maintain a balance between the contract value and administrative costs; a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements.

Negotiated Tender

The terms of the contract may be negotiated with one or more chosen suppliers. This may be appropriate in specific circumstances such as those listed below:

- 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

Guidance for Tenders

When considering a tender full consideration should be given to:

- Objective of the project
- Overall requirements



- Technical skills required
- After sales service requirements
- Form of contract
- Legal Obligations

It may be useful after all the requirements have been established to prioritise them.

If a restricted tender is to be used, then an invitation to tender should be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender may include the following:

- Introduction to the project
- Scope and objectives
- Technical/specification requirements
- Implementation
- Terms and conditions of tender, and
- Form of response.

The following aspects should be considered:

- Financial
- Technical and suitability
- Pre sales service
- After sales service
- Status of supplier, e.g., financial

An invitation to tender should state the date and time by which the document should be received by the Academy. Documents should be submitted in plain envelopes clearly marked only with the name of the prospective project/service and with nothing to identify the sender. The envelopes will be time and date stamped on receipt and stored securely until after the submission deadline. All tenders submitted should be opened at the same time with two members of the Academy present and the details recorded.

The evaluation process should involve at least two members of the Academy. Those involved should disclose all interests which may impact on their objectivity. There should be no conflict of interest.

Full records must be kept of the process.

Income

The main sources of income for the Academy are from the DfE and Worcestershire County Council. The receipt of these sums are monitored directly by the Business Manager. The Academy also receives income for catering, music tuition, trips and events and lettings customers.

Trips and Events

A lead teacher must be appointed to manage and take responsibility for the trip or event. The lead teacher will inform the Finance Office with a list of all pupils who will be attending the event



or trip. Pupils will make payments to the Academy either via the online payment system or via the school post box. The Finance Office will maintain an up to date record of payments.

Catering

The income received daily in the cash loader for school meals will be counted and recorded on a slip by the Finance Office. All monies are checked and prepared for banking. The Finance Office is responsible for recording the money banked onto Xero.

Lettings

The income received from Lettings Customers is either paid directly into the Academy's bank account or via cheque. The Finance Office is responsible for recording the payments.

No debts should be written off without the approval of the SPC Committee.

Cash Management

The Academy has a safe which is stored in a secure location. There are two keys to the safe, one held by the Business Manager the other by the Principal.

The maximum amount of Academy cash to be held at any one time is as follows:

By a class teacher, e.g., in a locked desk	£5.00
In the locked cupboard situated in the Finance Office	£20.00
In the safe	£5000.00 (max covered by insurance)

Gifts

Any gift or token that would meet or exceed the value of £30 must be refused.

Bank Accounts

Walkwood Academy has three bank accounts, all with Lloyds.

Main Account:	Walkwood Academy Trust, t/a Walkwood Church of England Middle School
School Fund:	Walkwood Church of England Middle School deposit account 1
	Walkwood Church of England Middle School deposit account 2

The account signatories are named in Appendix A.

All cheques are authorised with two signatures. Signatories may not sign a cheque reimbursing themselves.

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 reviewed and signed by the Principal, or an Assistant Principal
- Issues are dealt with promptly
- Remittances and receipts are retained and matched to statements

The Academy has a charge card with the Business Manager as the card holder.



Journals

All journals of a value of £100 and over are authorised by one of the school signatories.

Inventory Control

As a minimum, an inventory of all stock within the school over the value of £100 per individual item is kept by the post holder responsible for Resources. A record of items purchased is to be entered on a register. For each piece of equipment a record is to be kept of:

- Serial number (where applicable)
- Cost
- Date of purchase
- Location
- Person responsible
- Items transferred, disposed of, stolen or damaged
- Company where goods purchased from.

Information concerning equipment can be retrieved from the database for different purposes, for example, all electrical items for an electrical safety check.

The annual check of equipment is carried out by the IT Technician and Site Manager, monitored by the Business Manager, with the managerial assistance of department heads. All items are recorded on Inventory Control.

All items should be visibly marked as the Academy's property and stored correctly and securely.

Approval to write off/dispose of items must be sought from the Business Manager.

Fixed Assets

Asset Register

All item purchases with a value over the Academy's capitalization limit of £2000 must be entered in an asset register. This will be done by the Business Manager on a monthly basis. Items over the value of £2000 that are built and a fixture and fitting need not necessarily be included as a capital item. Items purchased over the value of £2000 that are not fixed are to be included. The asset register should include the following information:

- Asset description
- Date of acquisition
- Asset cost
- Depreciation
- Current book value

Depreciation

Depreciation on assets is as follows:

- | | |
|---------------------------------|--------------------|
| • Buildings | 0.8% straight line |
| • Land | 0.8% straight line |
| • Motor Vehicles | 25% straight line |
| • Furniture & Equipment | 25% straight line |
| • Computer Equipment & Software | 33% straight line |



No depreciation is provided on freehold land. Depreciation on assets in the course of construction is not charged until they are brought into use.

Disposals

Asset items which are to be disposed of by sale or destruction must be authorized for disposal by the SPC Committee and, where significant, should be sold following competitive tender. The Academy must see 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. If disposals within one financial year (September to August) collectively originally attracted a grant of more than £20,000, then the Academy Trust must inform the DfE.

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. Complications could arise with the disposal of computer equipment, as the Academy would need to ensure licenses for software programmes have been legally transferred to a new owner.

The Academy is expected to reinvest 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.

Items of Academy property must not be removed from Academy premises without the authority of the Head of Department. A record of the loan must be recorded by the Head of Department and passed to the Business Manager.

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.

Fraud

Any business can find themselves the victim of fraud. The impact of fraud can be dramatic, particularly for schools, where the losses could potentially cause a great deal of harm, even potential ruin. It is important to understand what the threats are and where they come from so action can be taken against them. It is important to know the common types of fraud and what steps can be taken to protect staff and the school.

Fraud is simply the intent or the act of misrepresentation – scammers lying about themselves or their actions and services – to cause a gain or loss.

With limited resources and in tough economic conditions, we tend to think more about growth and survival rather than due diligence, internal controls and risk management. These can often seem expensive, hard work and involve a lot of paperwork.

It’s important to recognise that fraud can come from anywhere, including:

- staff members



- customers
- suppliers
- pupils
- third parties, unconnected to the school

From the start, fraud can seem complicated and difficult to understand, as criminals use a variety of tools and techniques. There is no single solution to prevent all fraud, but the information below will help identify the most common types and take action to protect staff, pupils and the school.

Ten tips to prevent fraud

There are ten simple tips to reduce the risk of fraud to help keep the school, staff and pupils safe.

1. *Be sceptical*

If it sounds too good to be true, it probably is. All:

- opportunities
- documents
- transactions
- information

must be thoroughly known.

2. *Know the Academy inside out*

It is important to have a thorough understanding of the school so it is known:

- how it operates
- the staff employed
- the education it provides
- the legal and regulatory obligations

This will help realise immediately when something isn't right.

3. *Know the school's customers and suppliers*

Any business request or transaction that looks wrong for that customer or supplier may be fraudulent. Conduct due diligence using a risk-based approach, such as checking the customer or supplier details on file, as well as online searches.

4. *Identify areas where the Academy is vulnerable to fraud*

A fraudster might target the school, both internally and externally, and test the systems already used to reduce risk. Make sure staff know those systems and regularly review them.



5. Develop a strategy and talk about fraud

The right fraud prevention and detection strategy for the school should detail controls and procedures.

Staff will look to the Principal, the Senior Leadership Team and Governors for guidance to acceptable behaviour. Fraud should be discussed with staff, suppliers and other contacts. Staff need to understand the risks and how losses affect the school and themselves.

6. Take extra care against cyber attacks

With increasing threats from cybercrime, the school's technology must be protected against attacks. Systems must be backed up in case they go wrong.

7. Understand school finances and processes

Understand how money leaves the school, including:

- methods of payment
- who has authority to make those payments
- who checks payments are legitimate

Always check bank statements.

8. Secure and protect property

This includes laptops, computers, smartphones and intellectual property. Insurance should cover these items if they're compromised or stolen. Inventories must be used and maintained.

9. Develop an action plan

While prevention is better than cure, it's important to be prepared for the worst. Having an action plan in place will help limit losses to fraud and it should be considered when professional or legal advice is needed.

10. Always report fraud and get help

<https://www.actionfraud.police.uk/> is the UK's national fraud and cybercrime reporting centre. Information can also be received with respect to fraud and financially motivated internet crime. Report fraud to the police by calling 101 to speak to an operator.



Appendix A

Bank account signatories

Principal	Clive Leach
Assistant Principals	Louise Cull
	Simon West
	Danielle Timmins



