



**Walkwood**  
Church of England  Middle School

# Walkwood Church of England Middle School

## Finance Policy

This policy is reviewed and updated by Sarah Spence (CFO) and is approved every year by the Trust Board.

Reviewed: March 2025

Next review date: December 2025



### **Our Vision:**

In our inclusive community,  
Each valued individual is taught self-belief  
We are resilient and optimistic,  
Caring for ourselves and our peers.  
We are Children of God, with hope,  
Awe and wonder in our hearts.

### **Our Bible verse:**

Be kind to one another, tender-hearted, forgiving one another,  
as God in Christ forgave you. *Ephesians 4:32*

*Respect - Believe - Succeed*

### **Our Values**

Respect – Friendship - Honesty - Kindness

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## **INTRODUCTION**

Legally, Academy Trusts are companies limited by guarantee and, under the terms of the Academies Act 2010, exempt charities. Academy Board Trustees, therefore, are subject to the duties and responsibilities of charitable Trustees and company directors. Academy Board Trustees have wide discretion over their use of the Academy's funds but are responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

Board Trustees must ensure they use their discretion reasonably taking into account any and all relevant guidance on accountability or propriety as detailed in the Governors' Handbook and Academy Trust Handbook (formally known as Academy Financial Handbook). Board Trustees should therefore also be aware of the Charity Commission's Introduction for School Governors and The Essential Trustee.

Please see the link below for further information:

[Charities and charity trustees - an introduction for school governors \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/411111/Charities_and_charity_trustees_-_an_introduction_for_school_governors.pdf)

Board Trustees should also be aware of the statutory duties of company directors, which are set out in the Companies Act 2006 and include the duties to:

- exercise their powers only for a proper purpose;
- promote the company's success
- exercise independent judgement;
- exercise reasonable care, skill and diligence; and
- avoid conflicts of interest.

Academy Trusts must appoint a senior executive (usually the CEO) as Accounting Officer who will carry an overriding and personal responsibility for the proper stewardship of public funds, including the securing of propriety, regularity and value for money. Academy Trusts are required to establish an audit committee (known as the Finance Committee in smaller Trusts such as Walkwood Middle School), or otherwise have a committee which will discharge the responsibilities of an audit committee. Because academies have been designated as part of central government, they need also participate in annual exercises to consolidate their accounts with those of the Department for Education.

Financial requirements on Academy Trusts are set out in the Education and Skills Funding Agency's (ESFA) 'Academies Trust Handbook' and in their funding agreement. Academies and their auditors should also read the 'Academies Accounts Direction' when preparing and auditing annual reports and financial statements.

The purpose of this manual is to ensure that Walkwood Church of England Middle School maintains and develops systems of financial control which conform to these requirements. This manual should be read by all staff and Board Members with financial responsibility.

## **SECTION 1 - ORGANISATION AND RESPONSIBILITIES**

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#### 1.1 Role of the Trustees of the Academy Trust

The Board of Trustees has overall responsibility for the administration of Walkwood Church of England Middle School finances. The main responsibilities of the Board are prescribed in the Funding Agreement between Walkwood Church of England Middle School and the Secretary of State for Education (SSE) and in Walkwood Church of England Middle School Scheme of Financial Delegation.

The main responsibilities include:

- ensuring the Trustees/Directors and Members have the skills, knowledge and experience to run the Academy Trust;
- ensuring financial plans are in place to secure the short term and long term financial health of the Academy;
- implementing sound internal control and risk management processes;
- ensuring the Academy Trust’s current and forecast financial position is monitored; and
- being able to show that public funds have been used as intended by Parliament.

The Board also recognises the three main roles set out in the DfE document, ‘Roles of Governing Bodies and CEOs’, these being:

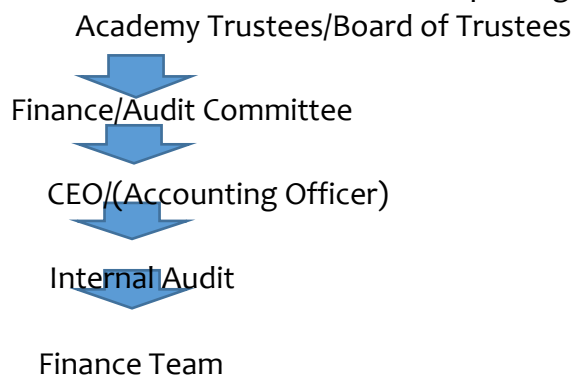
- to be strategic, including ensuring that the Academy has clear aims and values, to raise standards of achievement and to ensure that the Academy’s resources are directed to through the Academy Improvement Plan (School Improvement Plan - SIP).
- to act as a critical friend, including identifying where the Academy is and is not achieving and supporting and challenging proposals of the Academy
- to be accountable, including the promotion of standards and educational achievement and the Academy’s overall performance.

Members of the Board will act in accordance with the Seven Principles of Public Life, known as The Nolan Principles.

[The Seven Principles of Public Life - GOV.UK \(www.gov.uk\)](http://www.gov.uk) and in the best interests of the Academy and are prepared to explain their decisions and actions, if required.

## 1.2 Finance Structure

Walkwood Church of England Middle School 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 Board Members and staff. The financial reporting structure is illustrated below:-



The organisation of Walkwood Church of England Middle School encourages regular interaction between those making financial decisions and those affected by them through the passing of

information regarding any proposed actions through the reporting lines indicated, i.e. proposals made at Committee level are reported through to the Chief Finance Officer so that the financial implications can be determined and the results then reported back to the Board. This process is also adhered to for discussions and proposals made during the Senior Leadership Team (SLT) meetings.

### 1.3 Meetings of the Board of Trustees and its Committees, including the School Board

The Board of Walkwood Church of England Middle School meets at least five times per year. At the start of the academic year the members draw up a timetable for Board meetings and those of its committees for the forthcoming year. These are arranged to ensure that all committee meetings are undertaken in advance of those for the full Board, so that all appropriate matters arising can be reported back.

Type	Number	Terms
CEO	1	Automatically a member of the Board of Walkwood Church of England Middle School and remains as such for so long as he/she remains as CEO
Trustees	9	Elected by the Members of the Walkwood Church of England Middle School

### 1.4 Governance Professional (Clerk) /Minutes of Board Trustee Meetings

Walkwood Church of England Middle School has appointed a governance professional (clerk) who takes minutes at all Board and committee meetings. These reflect all decisions made and by whom action is to be taken. These actions are revisited at the next meeting.

Meetings are convened by the Governance professional (clerk) who takes direction from the Board and the Chair of the Board. The Governance professional provides each Board Member with:

- written notice of a meeting
- a copy of the agenda
- copies of any papers to be considered at the meeting

### 1.5 Induction of New Board Trustees

Board Trustees have collective responsibility for financial decisions that are made in the context of how the Academy is run and are answerable to parents and the wider community. The Board, supported by information and advice provided by the CEO, decides the strategic direction of the Trust. Responsibility for the implementation of financial decisions remains with the CEO. In order, therefore, that Board Trustees fulfil their role as a ‘critical friend’ and in giving strategic direction, it is important that they (and the staff involved in financial management) understand their responsibilities. Walkwood Church of England Middle School has produced an induction pack for new Board Trustees. New Board Trustees also receive support from an appointed existing Board Trustee as part of their induction to the Academy. The content of the induction pack/training is reviewed regularly.

All Board Trustees have completed a Skills Analysis for financial management. The Chair of Board Trustees and CEO have reviewed these to ensure that Walkwood Church of England Middle School is not over reliant on one person. The Clerk is responsible for arranging bespoke training courses they feel will assist them with their role. Board Trustees competencies are reviewed periodically and especially following the departure/appointment of Trustees.

### **1.6 Scheme of Financial Delegation**

Walkwood Church of England Middle School has a detailed Scheme of Financial Delegation (Appendix 1) that sets out the financial responsibilities retained by the Board as well as those delegated to the Finance Committee, School Board, CEO and to other members of staff with financial responsibility. This document is reviewed and approved by the Board annually, as reflected in the minutes of their meetings. In addition to the Academy's Scheme of Financial Delegation, Board Members are made aware of the Academy Funding Agreement and the Academies Trust Handbook [Academy Trust Handbook - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/academy-trust-handbook) as part of their induction training. The Academy has adopted these documents and incorporated them into its Scheme of Financial Delegation. The Academy also maintains individual job descriptions for the CEO, Chief Finance Officer and all others involved in the financial management of the Academy, setting out clearly defined levels of financial responsibility, including their relationship with the Board.

### **1.7 Financial Policies**

The Board is responsible for ensuring that a number of policies are in place and regularly reviewed. All staff and Board Trustees are made aware of these policies through their induction training.

### **1.8 Review of Financial Procedures**

Board Trustees will review the financial procedures annually, or following any significant changes to the financial practices being operated. Approval of the manual will be reflected within the Board Trustee minutes. The manual is held within the policies file and is available to staff and Board Trustees via Governor Hub. It is also brought to their attention through the induction process.

### **1.9 Role of local committees**

The Board as a whole decides the membership of each committee. Terms of reference and membership for each committee are reviewed on an annual basis, at the first meeting of each academic year, and approved through the full Board, as recorded in the minutes of their meetings.

The Academy ensures that the Board is kept fully informed about financial issues and developments at meetings of the School Board and Local Governing Committee by recording the details in the minutes. Following discussion, any issues of a significant nature are then fed back to the full Board.

### **1.10 Role of the Finance Committee**

Walkwood Church of England Middle School has in place a process for independent checking of financial controls, systems, transactions and risks. This process is driven by the Finance Committee. Walkwood Church of England Middle School manages this programme of risk review and checking of financial controls by employing the services of an internal expert to provide an internal audit function, see 1.13.



### **1.11 Role of the Accounting Officer (CEO/Executive Head)**

The Accounting Officer is an employee of Walkwood Church of England Middle School. Within the framework of The Trust's Scheme of Delegation as approved by the Board, the CEO has overall executive responsibility for The Trust's activities including financial activities. The CEO will be supported by the CFO in this regard.

Full details of the responsibilities afforded to the Accounting Officer are detailed in the Accountability System Statement for Education and Children's Services, please see the link below:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/180922/DFE00112-2012.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/180922/DFE00112-2012.pdf)

### **1.12 Role of the Chief Finance Officer**

#### **Role of the Chief Finance Officer**

The Chief Finance Officer provides specific expertise in long-term financial management to the CEO and to the Finance Committee and to the Board. The Chief Finance Officer is involved in a number of areas of activity including:

- providing & monitoring of the budget
- developing financial policy
- ensuring all financial ESFA deadlines are met
- ensuring compliance with the terms and conditions of all grants received
- monitoring income
- arranging and checking insurance
- costing projects undertaken by the Trust (building works, contracts, etc.)
- Ensure that best value is achieved and review contracts if more than one school are requesting the same service to ensure best value is achieved.
- generating income
- maintaining security of bank accounts and management of banking procedures
- ensuring compliance with financial sections of the Scheme of Delegation

### **1.13 Role of Internal Auditor (previously Responsible Officer)**

The Internal Auditor is appointed by the Board and provides Board Members with an independent oversight of The Trust's financial affairs. The main duties of the Internal Auditor function are to provide the Board with independent assurance that:

- the financial responsibilities of the Board 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 Internal Auditor will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board. A report of the findings from each visit will be presented to the Finance Committee.

The internal audit provider must be totally independent from any external audit and not the same company.

#### **1.14 Role of Other Staff in Financial Management and Administration**

In order for the financial system to operate well, staff with financial responsibilities must act with competence and integrity. As part of the interview and selection process, the Academy specifies the qualifications, experience and personal qualities desired for the post within the person specification. Staff members are encouraged to undertake any training sessions offered both internally and by external providers in order to expand the knowledge that they already hold or to bring them up to date with current practices and expectations.

#### **1.15 Register of Pecuniary (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. The Trust must keep a register of any relevant business and financial interests, including governance roles in other education institutions, for (as a minimum) members, trustees, local governors and senior employees, serving at any point over the past 12 months.

To avoid any misunderstanding that might arise all Walkwood Church of England Middle School Board Trustees, Members and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom The Trust may purchase goods or services. The register is open to public inspection.

The register includes all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with Walkwood Church of England Middle School. The disclosures also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Board Trustee, Member or a member of staff by that person. The existence of a register of business interests does not detract from the duties of Board Trustees, Members and staff to declare interests whenever they are relevant to matters being discussed by the Board or a committee. Where an interest has been declared, Board Trustees, Members and staff should not attend that part of any committee or other meeting.

The register is retained by the Governance Professional (clerk) and must include their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them and relevant business and financial interests including:

- directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- for each interest: the name and nature of the business, the nature of the interest and the date the interest began

The register must identify relevant interests from close family relationships between the academy trust's members, trustees or local governors. It must also identify relevant interests arising from close

family relationships between those individuals and employees. The Board of trustees must keep their register of interest up to date at all times.

Nil returns will be completed where applicable.

### **1.16 Freedom of Information Act 2000**

Walkwood Church of England Middle School has adopted the model Publication Scheme under the Freedom of Information Act. Board Trustees review this document annually. Further Information about the Freedom of Information Act 2000 can be found at <http://www.ico.org.uk>

### **1.17 Financial Information Published on the Academy Websites**

In accordance with The Academy Information (England) (Amendment) Regulations 2012 Walkwood Church of England Middle School will publish the following financial information on the school website.

- The Charging and Remissions Policy;
- The amount of the Academy and Trust's allocation from the Pupil Premium grant in respect of the current academic year; details of how it is intended that the allocation will be spent; details of how the previous academic year's allocation was spent, and the effect of this expenditure on the educational attainment of those pupils at the Academy in respect of whom grant funding was allocated.
- Sports provision available at the Academy and Trust and the allocation in respect of the current academic year.

In accordance with the Academy Funding Agreement, Handbook and the Accounts Direction, Walkwood Church of England Middle School will also publish on the website:

- Annual Report and Financial Statements by 31<sup>st</sup> January annually
- Funding Agreement
- Information relating to number of employees whose benefits exceed £100,000.
- Gender Pay Gap Reporting

The Board will provide a paper copy of the information published on the websites without charge to parents/carers on request. The information published on the websites will be updated as soon as is reasonably practicable following a change to that information and, in any event, at least annually.

### **1.18 Raising Concerns/Whistleblowing**

The Academy has drawn up a Whistleblowing Policy, providing guidance to staff and Board Trustees. This has been formally endorsed by the Board Trustees, as reflected in their minutes, and brought to the attention of Academy staff through the Staff Handbook, and to new Board Trustees as part of their induction training. Board Trustees review this document every year. This policy is listed on the Trust's website.

### **1.19 Gifts and Hospitality**

Refer to the Gifts and Hospitality Policy

## **1.20 Fraud, Theft and Irregularity and Whistleblowing**

The Trust will not tolerate fraud. Walkwood Church of England Middle School reserves the right to conduct or commission their own investigation into actual or potential fraud, theft or irregularity in any school within the Trust, either as the result of a formal notification from the Headteacher or as the result of other information received. Walkwood Church of England Middle School may involve other authorities, including the police, as appropriate. All staff should be vigilant, and whenever any matter arises which involves, or is thought to involve, fraud, theft or any other irregularity in the exercise of the activities of the Trust, the individual concerned should notify the CEO, at the earliest opportunity. Any such reports will be treated in confidence under Walkwood Church of England Middle School Whistleblowing Policy.

The CEO must notify the CFO of any suspected instances of fraud, theft or irregularity. Any unusual or systematic fraud, regardless of value, must also be reported. Reports should include:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken by the CEO to prevent recurrence
- measures/support taken by the Trust to prevent recurrence across the Trust
- whether the matter was referred to the police (and why if not)
- whether insurance cover or the risk protection arrangement have offset any loss

The Board of Trustees shall notify the ESFA as soon as practically possible of any instances of fraud, theft and/or irregularity exceeding £5,000, or £5,000 cumulatively in any financial year.

### 1.21 Digital and Technology Standards

Trusts should refer to the DfE's digital and technology standards, which were developed to support trusts in making more informed decisions about technology. This is clearly stated in the Academies Trust Handbook

## **SECTION 2: BUDGETING AND FINANCIAL PLANNING**

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2.2 Short Term Financial Plan (STFP)

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2.4 Benchmarking

2.5 Annual Budget

2.6 Accounting Package

2.7 Budget Holders

2.8 Treatment of Earmarked Funding and Reporting of Significant Activities

2.9 Profiling the Annual Budget

2.10 Virements and Budget Allocations

## **2.1 Academy Development Plan (School Development Plan – SDP)**

Walkwood Church of England Middle School prepares both medium term and short-term financial plans. The medium term financial plan is prepared as part of the development planning process (SDP). The strategic plan indicates how The Trust’s educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The SDP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to Walkwood Church of England Middle School and the planned use of those resources for the following year. The SDP is concerned with the future aims and objectives of Walkwood Church of England Middle School and how they are to be achieved; this includes matching The Trust’s objectives and targets to the resources expected to be available. Plans are kept relatively simple and flexible to indicate the “big picture” within which more detailed plans may be integrated. The form and content of the SDP are decided after giving due regard to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

The completed SDP includes detailed objectives for the coming academic year and outline objectives for the following two years. The Plan also includes 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 is assigned to a manager. The responsible manager monitors performance against the defined success criteria throughout the year and reports to the senior management team on a regular basis. The senior management team will report to the School Board if there is a significant divergence from the agreed Plan and will recommend an appropriate course of action.

The items within the SDP are also prioritised to make the best use of funding or resources. The SDP is approved by the School Board on an annual basis. Progress against the SDP is monitored by the committee on a regular basis and as part of the on-going budget monitoring cycle. As the priorities of the SDP change, the financial planning of the Academy will change accordingly and it will have emphasis on what the Academy wants to achieve, taking into consideration the monetary input.

## **2.2 Short Term Financial Plan (STFP)**

The Academy uses the SDP to lead its short term financial plan (STFP) for the current year, showing how the needs of the SDP can be met in the short term, given the Academy’s current financial position. The STFP is put together at the beginning of the financial year using specialist budget planning software, IMP Budgeting Systems which is designed to forecast financial plans for up to five years.

This Plan is updated and discussed regularly (e.g. monthly), in line with known changes to income and expenditure patterns. The Finance Officer works to achieve this with the Chief Finance Officer.

The STFP is noted by the School Board once members are satisfied with the projections and that the assumptions made are realistic. The Board is encouraged to take an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for the pupils and delivering the Trust's educational priorities with the funding they have available.

The STFP is then approved by the Trust Board. Before approval, the level of the forecasted balances is fully scrutinised.

### **2.3 Medium Term Financial Plan (MTFP)**

The Academy uses the SDP to lead its medium term financial plan (MTFP) for the next three years, showing how the needs of the SDP can be met in the medium term, given the Academy's current financial position. The MTFP is put together at the beginning of the financial year using specialist budget planning software, IMP Budgeting Systems which is designed to forecast financial plans. The MTFP enables the Academy to:

- take into consideration the financial implication of changes in pupil numbers; the Board should challenge pupil number estimates as these underpin revenue projections, and review these termly.
- plan for a range of alternatives;
- ensure priorities in the SIP are both affordable and sustainable;
- ensure that the budget remains sustainable (i.e. forecast income matches forecast expenditure);
- develop contingencies to deal with unexpected events; and
- avoid deficits or excessive surpluses.

New initiatives are appraised in relation to all likely costs and their financial sustainability before being approved by the Board. The options are set out in the MTFP and the results fed back to the Board for a formal decision.

### **2.4 Benchmarking**

The Trust recognises the benefits in using benchmarking information to learn from others in implementing changes to spending patterns to help deliver educational priorities. As part of the annual budget setting exercise, the Academy reviews benchmarking data. The extent and depth of review depends on what the data reveals compared to previous reviews and the Academy's current circumstances. The more significant areas of spend, i.e. staffing costs, are reviewed more frequently than others. In order to obtain comparative data, the Academy uses a number of sources. The information is used to determine how the Academy compares with other similar establishments and forms the basis against which the setting of the current budget is challenged. The results of the benchmarking exercise are pulled together by the CFO and presented to the Finance Committee for discussion at the same time that the first draft of the annual budget is being considered. Where the results of the exercise alter the basis for setting the budget, this is notified to the full Board at the time of approval.

## 2.5 Annual Budget

The Academy has a budget preparation timetable to ensure that the budget setting process is clear and that all stages are undertaken by the required deadlines.

The Academy uses the SDP, the MTFP (including the indicative budgets) to create each year's annual budget (STFP) and has links between all three, which are highlighted in the documentation sent to Board Trustees for approval of the annual budget. The Board Trustees consider the spending priorities in the light of the budgeted income and expenditure. The Academy uses budgeting software IMP and clear documented notes are maintained by the Finance Officer regarding the budget preparation, e.g. what assumptions were made, what factors incorporated, what risks attached, how have figures been calculated, etc. The Finance Officer prepares a report for the CEO and Chief Finance Officer showing the basis for compiling the budget and this is presented to them for discussion. This includes a review of the previous year's financial performance.

Expenditure must be for the education and purposes related to the charitable objectives of the Academy. The budget process starts with the Leadership Team deciding on major expenditure, as directed by the SDP together with any major issues that have arisen.

As part of the budget setting process, the Academy's staffing arrangements (both teaching and support staff) are reviewed by the CEO to take into consideration increment changes, planned structural changes and any other factors known at this time, e.g. staff changes. Once costs such as staffing and premises related matters have been approved the balance is apportioned to departments. This is balanced against the available resources for the same period, and the contingency element of the budget required by the Board, taking into consideration the budgeting information issued by the ESFA prior to the commencement of each financial year.

The budget is prepared in a format which separately identifies income and expenditure and is split between revenue and capital allocations. This facilitates completion of returns and ensures consistency with the accounting system and the returns submitted to the ESFA. The Board Trustees have agreed that The Trust's annual budget for the following financial year will be ready for approval by the Trustees by the end of July each year. The draft budget is circulated to the Trustees prior to their meeting to discuss it so that they can consider it and obtain any further information and explanations they feel are necessary to gain a thorough understanding of the budget. Any assumptions used are highlighted clearly and attention is drawn in particular to areas of sensitivity. The Board also reviews the previous year's activities to establish how Walkwood Church of England Middle School has performed in relation to the SDP.

The Board has ultimate responsibility for setting the budget and the operation thereof and ensures that actual income and expenditure during the year is monitored closely and compared against budgeted income and expenditure. The Board will ensure that meetings are scheduled to ensure all ESFA and statutory reporting deadlines are met. Once the annual budget has been approved, the ESFA Budget Forecast return is completed for submission by the deadline set by the ESFA. The Trust Accountant will report to the Board any proposals for policy changes that significantly affect the expenditure or income budgets. The Board Trustees of Walkwood Church of England Middle School are aware of the arrangements for excess balances and that they will be required to report the reasons for any high balances. The budget is compiled to ensure only a prudent level of under spend (or in exceptional years, the recovery of a deficit).

## **2.6 Accounting Package**

From the approved budgeted income and expenditure return, the budget is entered onto the Academy accounts system Xero. The Chief Finance Officer will import the approved budget from IMP, the budget planning software ensuring that the budget is 'fixed' to match that approved by the Board.

## **2.7 Budget Holders**

The Finance Officer is responsible for notifying budget holders of their allocation by way of a Budget Holder statement report. The Finance Officer will ensure that all budget holders understand the content of the reports provided. A Declaration of Interest will be required to be completed by all budget holders.

## **2.8 Treatment of Earmarked Funding and Reporting of Significant Activities**

The Academy may receive allocations of earmarked funding. In drawing up the budget, Walkwood Church of England Middle School ensures that all streams of funding are specifically identified along with any criteria against which this funding must be used, e.g. Pupil Premium, Sports Funding, High Level Needs SEND. These strands of funding are taken into consideration when putting the budget together and are specifically highlighted to Board Trustees when approving the budget. In addition to the earmarked funds, the Academy may operate a number of other activities, e.g. lettings, catering etc. These are also separately reviewed as part of the annual budget setting process. The Finance Officer records income and expenditure relating to earmarked funds and any significant activities in such a way as to allow this income and expenditure to be separately identified and reported. The areas of earmarking funding and projects are separately monitored as part of the on-going budget monitoring arrangements of the Academy.

## **2.9 Profiling the Annual Budget**

Once the budget has been approved it is profiled by the Finance Officer on the budget planning software prior to importing into Xero, in accordance with known spending/income patterns. Where there is no history to refer back to, the most sensible profile is used. The profiles are reviewed periodically throughout the financial year to ensure that they still represent known spending patterns, especially where funds have been transferred due to revised spending arrangements. Where appropriate, the cash flow analysis will be amended to reflect these changes.

## **2.10 Virements and Budget Allocations**

All movements to the budget after approval by Board Trustees are formally recorded and approved in accordance with the Scheme of Financial Delegation and reported back to Finance Committee. Virements are processed on the computerised system, Xero by the CFO after authorisation has been received from the CEO.



## **SECTION 3: FINANCIAL MONITORING AND REPORTING**

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### **3.1 Audit Arrangements**

The Board Trustees of the Trust ensure that access to financial records will be given to the internal audit service, audit committee, external auditors, Registered Inspectors or their inspection teams and Her Majesty's Taxation Authorities for the purposes of audit inspection.

### **3.2 Internal Audit**

Internal scrutiny must be delivered appropriately dependent upon circumstances and may be a combination of:-

- employing an in-house internal auditor
- a bought-in internal audit service from a firm, other organisation or individual with professional indemnity insurance
- the appointment of a non-employed Trustee
- a peer review by appropriate qualified person from another Academy Trust
- Internal scrutiny must not be performed by the CEO, and other members of Senior Leadership.

The Trust should be satisfied those carrying out the programme of internal scrutiny work are suitably qualified and/or experienced, such as auditors being members of a relevant professional body, external Trustees or peer reviewers having qualifications in finance, accounting or audit, and appropriate internal audit experience. The internal audit provider must be totally independent from any external audit and not the same company. The details of the remit for the termly internal audit service visits are detailed in the Terms of Reference.

<https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/internal-scrutiny-in-academy-trusts>

The main purpose of the internal audit service is to ensure that conditions of the DfE grant and the financial procedures which the DfE expect of an Academy are followed. The Internal Auditor visits the Academy at least annually and undertakes a series of detailed tests to confirm the operation of the main financial systems. Written records of the checks performed by the Internal Auditor are maintained and submitted to the Trustees via the Audit and Risk Committee for review.

### **3.3 Internal Monitoring**

Following the month end procedures set out in Section 10 a number of budget monitoring reports are extracted for the various Budget Holders by the CFO. All reports extracted are initially reviewed and, where appropriate, annotated, by the Finance Officer.

The Board and staff of Walkwood Church of England Middle School will be regularly consulted to ensure that the financial management information they receive is relevant, timely, reliable and understandable.

### **3.4 Departmental Budget Holders**

Budget Holders are accountable for items of expenditure and income they directly control. It is the responsibility of the Budget Holder to ensure that their budget is being spent in the most beneficial way for their department. They must ensure they are receiving value for money for every purchase. Each Budget Holder is provided with a Budget Statement Report from Xero each year giving the budget, outstanding commitments, actual spend to date and remaining unallocated budget.

The Budget Holder is required to examine the reports to ensure that the transactions are as expected and that the report represents an accurate statement of the budget position. Where there are any queries, the Budget Holder is required to contact the Finance Officer to establish the reason and action required, if appropriate. At any stage, if concerns arise over the spending pattern of a particular cost centre it is raised in the first instance by the Finance Officer with the Budget Holder. The explanations obtained are relayed to the Finance Officer who decides on the appropriate action.

### **3.5 Chief Finance Officer**

The CFO will provide the Trustees, CEO and Audit and Risk Committee with a detailed consolidated report on a monthly basis to the Chair of the Trust Board, and to The Board at least six times a year, of the Academy income and expenditure, providing relevant management information as required for a full understanding of the accounts.

### **3.6 Finance Committee**

At each meeting, the members of the Audit and Risk Committee are provided reports detailed above. These reports are derived directly from the Academy's accounting package, Xero and Excel.

### **3.7 Trust Board**

The Trustees authorise any adjustments (e.g. new funding) to the annual budget for the school. The Trustees also consider and approve any virements between existing budget headings at this stage. Any virements are reviewed in line with the Academy's overall aims and objectives. In addition to the

budget monitoring reports, the members of the School Board may also be provided with the following records, as required:

- progress against the objectives in the SDP and the impact that this has on the budget;
- details of significant changes to the asset register that may require further investigation or approval;
- Aged Debtor Report including details of likely or actual bad debts that may require writing off and their effect on the budget;
- details of any relevant financial issues being considered/implemented at the time;
- accounts relating to any area of spending they wish to monitor, paying particular attention to areas of earmarked funding and specific activities, e.g. catering; and
- updates from the ESFA regarding financial management within academies in general.

Funds devolved to the Academy on an earmarked basis must be used for the purposes given. An institution providing earmarked funds may recover any funds that are not spent for the purposes prescribed or not spent in year.

### **3.8 Reporting to the Education and Skills Funding Agency (ESFA)**

The ESFA publishes an Accounts Direction each year setting out its requirements for the preparation of the Academy Trust's annual reports and financial statements. The Board and Finance/Audit Committee schedules their meetings to ensure the deadlines prescribed by the ESFA can be met. The Chief Finance Officer ensures that all returns are sent to the ESFA within the deadlines published.

### **3.9 Reporting to the Education and Skills Funding Agency (ESFA)**

The ESFA publishes an Accounts Direction each year setting out its requirements for the preparation of the Academy Trust's annual reports and financial statements. The Board and the Audit and Risk Committee schedule their meeting to ensure the deadlines prescribed by the ESFA can be met. The CFO will ensure that all returns are sent to the ESFA within the deadlines published.

## **SECTION 4: BANKING ARRANGEMENTS**

### **Contents**

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4.4 Accounting for all Cheques

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- 4.7 Direct debits and Standing Order Payments
- 4.8 Charge Cards
- 4.9 Cashing Facility
- 4.10 Reconciliation Process
- 4.11 Cash Flow Forecasting
- 4.12 Prohibition of any Form of Credit Arrangement

#### **4.1 Account Arrangements**

The Board has agreed that The Trust deposits all funds within the bank accounts set up by the Academy Trust. Signatories of the account are the CEO& CFO.

#### **4.2 BACs Authorisation**

The Board of Walkwood Church of England Middle School have agreed that the authorisation of BACs has been delegated to the following:

1. CEO
2. Chief Finance Officer
3. Finance Officer

The Academy has completed the required forms to instigate these arrangements and copies are retained securely. If any signatory is absent for a prolonged period of time the Academy will contact the bank to make alternative arrangements. In the event that a BACs payment is made out to one of the BACs authorisers, that signatory will not act as BACs authoriser for their own payments.

#### **4.3 Security and Control over Cheque Stationery**

Cheque books are held centrally in the Finance Office. The signatories on the cheque books are a combination of the following:

1. CEO
2. CFO

#### **4.4 Accounting for all Cheques**

Walkwood Middle School is responsible for periodically checking the sequence of unused cheques and cheque books to ensure that all unused cheques can be accounted for. Any anomalies are reported to the Chief Finance Officer immediately and the bank informed not to honour cheques which cannot be accounted for.

#### **4.5 Bank Password Arrangements**

The CFO , CEO are BACs authorisers and have been set up at the bank with password access to enable them to deal with on-line banking.

#### **4.6 Changing Account Signatories**

All changes to the authorised signatures must be approved by the CEO and reported to the full Board with the Scheme of Delegation being updated simultaneously.

#### **4.7 Direct Debits and Standing Order Payments**

The Finance Officer will maintain a schedule of all direct debits and standing orders payments set up for their Academy showing:

- payee
- reason for payment
- amount
- date set up
- frequency/timing of payment

A request for a direct debit or standing order should be sent to the Finance Officer and will be set up after careful consideration regarding the risk of error and the Academy's ability to meet the ongoing cost. All mandates are signed by two of the authorised signatories.

All direct debits, standing orders and BACS payments reflected on the bank statements are reconciled to the invoices received and any receipts obtained. Refer also to paragraph 4.8 below regarding business cards. The supporting documentation is filed with the paid invoices.

#### **4.8 Multi-pay Cards**

The Board has reviewed the need for multi-pay cards within the Academy and decided that the only certain individuals should be the only card holders. The Academy holds dedicated cards for these individuals as arranged through the bank and authorised signatory forms are retained securely in the finance office. Any use of the cards is charged to the main bank account by direct debit automatically on a monthly basis. Wherever possible, the business card holder must obtain formal tax receipts in order to allow the Academy to recover VAT. A cardholder agreement will be signed by individual card holders to confirm their understanding of the guidance and retained securely by the Chief Finance Officer. Any noncompliance with this requirement must be reported to the Chief Finance Officer and consideration given to cancelling this facility. The business card procedures are reviewed by the School Board at appropriate intervals.

Before buying goods or services with the card, you must:

- ensure that the purchase has been authorised within the scope of the Academy's purchasing policy and Financial Regulation limitations;
- ensure that the supplier is able to accept payment by Charge card;
- ensure that the supplier is a reputable and well known organisation.

## **Exceptions**

The Charge Card must not be used for the following purposes:

- cash
- restaurant, bars or alcohol
- hotels and accommodation with the exception of business activities
- personal services
- payments to staff or for temporary recruitment
- financial services
- professional services

Charge Cards must not - under any circumstances – be used for personal or private use.

Use of the card for transactions other than those authorised by The Trust will result in the withdrawal of the card and possible disciplinary action may follow.

Each transaction must have supporting documentation detailing the nature of the item purchased. All receipts/invoices and delivery notes should be kept safe and reconciled against your personal statement. This includes VAT invoices/receipts to enable the VAT element to be reclaimed. Failure to obtain such a voucher will mean that the Academy will have to bear the VAT element of the expenditure and increases the cost of the item to the Academy.

## **Payments to Lloyds Bank**

The value of purchases is deducted directly from the bank account on a monthly basis in accordance with the statement received. This statement must be reconciled to the payments made during the month and all relevant paperwork attached to the statement.

The statement is checked and signed by the CFO on a monthly basis.

## **Safeguarding the Use of the Card**

A Lloyds Charge Card Cardholder application form must be completed and signed by the proposed cardholder and forwarded to Lloyds Bank with the approval of at least two signatories on the school bank account.

## **Security**

- Card Holders should sign their card as soon as it is received.
- Cardholders must sign a Cardholder Employee Agreement Form (Appendix 2)
- Cards should be kept securely at all times
- PIN numbers should never be written down or shared with another person

- Misuse of any card will result in it being immediately withdrawn and disciplinary procedures may be taken against the card holder.

### **Using Trusted Web Sites**

One of the most common ways for a business to prove its identity is to use the SSL protocol on its website. When this is active, you will see the letters 'https' in front of the web address; the 's' standing for secure, and somewhere in the web browser frame a yellow padlock.

This signifies several things:

- That the website owners have a digital certificate that has been issued by a trusted third party, such as Verisign who have checked that they are who they say they are.
- That the digital certificate has been used to create a one-off encryption code and that all communication between your browser and the owner of the certificate will be secure from eavesdroppers as long as the padlock is displayed.

However, the padlock has some limitations:

- It doesn't say anything about the merchant's business ethics or IT security.
- Only valid certificates issued by approved authorities are trustworthy. Anybody can create a certificate and your browser will warn you if one doesn't come from the handful of approved issuers.
- It's a good idea to double click on the padlock and check the certificate for yourself, especially if the site you are visiting is less well-known or if you have any concerns about security. Does the name on the certificate match the name of the company behind the website? Is it current or out of date? Has it been issued by a Certificate Authority that you trust?
- Don't be fooled by a padlock that appears on the web page itself. It's easy for conmen to copy the image of a padlock. You need to look for one that is in the window frame of Internet Explorer itself

### **Changes to Cardholder's Details or Requirements**

Any changes to the cardholder's personal details or transaction limits must be approved by the CFO prior to submission to Lloyds Bank.

### **Checks and Approvals**

The Chief Finance Officer will be responsible for the final approval for the issue of cards, depending on the known financial circumstances at each Academy.

### **Leaving the Employment of the Academy**

The Charge Card should be handed to the CFO who will cut it in half across the magnetic strip when/if a holder leaves the employment of the Academy and dispose of the card securely.

### **Loss/Theft of the Card**

It is your responsibility to report the loss or theft of your card immediately to Lloyds Bank on 0800 096 4496 (24 hours). As soon as possible thereafter the Chief Finance Officer must be notified.

## **Misuse of the Card**

The Charge Card may only be used to procure goods and services on behalf of the Academy that relate to the education of the pupils. Use of the card for transactions other than those authorised within this guidance will result in the withdrawal of the card and these actions may result in disciplinary procedures being instigate

### **4.9 Cashing Facility**

Walkwood Church of England Middle School do not use cashing facilities.

### **4.10 Reconciliation Process**

Bank statements are reconciled in Xero.

The CFO at Walkwood Church of England Middle School is responsible for carrying out the reconciliation of the main account through Xero. The reconciliation must be done at least on a monthly basis. Once the items on the bank statements have been cleared, the list of un-reconciled items is reviewed, and examined for old expenditure items and outstanding income items. All cheques that have not been presented at the bank within six months of production are investigated and appropriate action taken. Outstanding income items are investigated and chased through the bank, where appropriate. Once the reconciliation process has been completed, the bank reconciliation reports are extracted from the accounting package.

### **4.11 Cash Flow Forecasting**

The Academy monitors its bank position on a monthly basis with direct access to the bank and through the performance of formal bank reconciliations and on a monthly basis through revised forecasting of the budget.

The Academy is aware that it is not permitted to go overdrawn at the bank and, in the event that the Academy becomes aware that there may be insufficient funds available to meet current commitments, the Academy will contact the Education and Skills Funding Agency for guidance.

### **4.12 Prohibition of any Form of Credit Arrangement**

Generally, academies are not permitted to borrow money, unless they have the approval of the Secretary of State. The CEO will ensure that the Academy does not enter into any finance/purchasing arrangement that is deemed to represent a credit arrangement, e.g. finance leases, overdrawn bank account, charge card balances not cleared monthly.

## **SECTION 5 - GENERAL INCOME CONTROLS**

### Contents

5.1 Identification of Income Due

5.2 Voluntary Contributions and the Setting of Charges for Services

5.3 Cash Handling, Storage, Collection and Banking



#### 5.4 Output VAT

#### 5.5 Debt Recovery

#### 5.6 Grants, Earmarked Funds and Other Such Income

### **5.1 Identification of Income Due**

Wherever necessary budgets are set for income based on past performance or estimates. However, if the income is not guaranteed, no budget would normally be set.

All provision of services or supplies for which a payment is due will be recorded, i.e. all 'sales' will be accounted for. This may take a variety of forms, e.g. letting of Academy facilities, Academy meals, purchase of educational materials, payments towards Academy trips, clubs etc.

Unless payment is received in advance or at the 'point of sale' (when the supply or service is provided) then an invoice will be raised via Xero, which will create a debtor record within the finance system, with the exception of school meals, educational visits etc..

On a monthly basis the Finance Officer will review the Aged Debtor Report and follow up any outstanding income with the debtor concerned. The Finance Officer will provide the School Board and Chief Finance Officer with a copy of the Aged Debtor Report on a termly basis with explanations for any unpaid debts.

### **5.2 Voluntary Contributions and the Setting of Charges for Services**

The identification of all monies due to the Academy is the responsibility of the Board. The Board of Trustees have drawn up a Charging and Remissions Policy which outlines the circumstances under which charges and voluntary contributions are requested and when the remission of fees will apply. The rates that the Academy proposes to charge for lettings (including historic rates), Academy meals (including the value of a free pupil meal and an adult duty meal) are discussed with the School Board on an annual basis and their approval recorded in the minutes of their meetings. For new arrangements the Finance Officer will ensure that the calculation covers costs (including overheads) except where the School Board agrees otherwise. The basis will be recorded. All appropriate charges are set out in a schedule of fees, rates and prices. Charges may not be waived, discounted or varied without the recorded authorisation of the Head Teacher. The Finance Officer is responsible for ensuring that income is requested or invoices are raised for all chargeable activities. For all other activities, voluntary contributions will be sought from the parents or guardians of those students attending. In certain circumstances, the cost of activities may also be supported through specific fund raising activities.

### **5.3 Cash Handling, Storage, Collection and Banking**

A cashless system is operated in within Walkwood Church of England Middle School with the aim of being entirely cashless.

On occasion, if cash is received is collected promptly and in full. It is properly recorded and banked intact as soon as possible e.g.

- Where income is received in cash or cheque format students must hand all payments to the Finance Office or designated secure area in sealed envelopes recording their name, form,

activity and amount being paid for. The envelopes are securely placed in the safe until an appropriate member of staff (Finance Officer) can record the receipts in the appropriate record (refer to each income area for details of the documentation required) and issue pre-numbered receipts.

- The total income received for each area of income is recorded by the Finance Officer onto Xero and if appropriate parentpay.
- All income collected will be secured within the Academy's safe facilities. (Refer to section 18 on security for further details.) Keys to safes and other secure containers should be carried on the person of the key holder or kept under secure conditions. Care should be taken to ensure that the monies held do not exceed the insurance value of the secure facilities provided.
- Income is banked at least once a week.
- Income collections are not used for the cashing of personal cheques or for other payments.

#### **5.4 Output VAT**

As Walkwood Church of England Middle School is not currently registered for VAT income is not subject to output VAT. However an adjustment to input VAT must be made for the following if the de minimis test is not met. There are de minimis rules that allow VAT relating to exempt supplies to be recovered provided it amounts to less than £625 per month and is less than 50 per cent of the input tax incurred in the VAT accounting period (the original test).

- private photocopying
- private phone calls
- non educational stationery/equipment sales
- lettings
- production ticket sales
- adult meals
- external catering

#### **5.5 Debt Recovery**

Outstanding debt from School Meals and Extended Schools will be chased on a weekly basis following the Debt Recovery Policy.

Any parent with a School Meal debt of more than £10 will be asked to provide packed lunch until the debit is cleared.

If a decision is made to consider writing off the debt, the details must be referred to the Board of Governors for consideration. Reference must be made to the Scheme of Delegation for authorisation limits. Where a debt is written off, the decision must be recorded in the formal minutes of the relevant meeting.

#### **General requirements**

In general, payment for all goods and services supplied by the School should be collected in advance or 'at the point of sale'.

The school will take all reasonable measures to collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

The school's debt recovery policy observes the relevant financial regulations and guidance set out in the Authorisation of the write off of debts and losses within the limits authorised by the ESFA as detailed in the Academies Trust Handbook section 5.18- 5.21

### **Acceptable 'credit period'**

Walkwood Church of England Middle School has set a £10 acceptable 'credit settlement period' before the debt recovery procedures are applied. This credit settlement period applies to all debts including school meals, extracurricular trips, activities, and extended services.

Debt recovery procedures should be applied in accordance with item 4 of this policy.

### **Withdrawal of services**

- Unless the Finance Officer with approval of the Head Teacher and parents have agreed a repayment plan and the parents are not in breach of the repayment plan, services will be withdrawn when the credit settlement period is exceeded as follows:
- Lunch may be withdrawn when debt exceeds £10 of lunch expenses with no payment received. Parents to provide a packed lunch for their child.

Children may not be allowed to attend extra-curricular trips, clubs or other activities while parents have debts with the school even if those debts do not relate to extra-curricular trips, clubs or other activities.

This does not apply to educational trips because these are an important component of the curriculum and attract a voluntary (not mandatory) request for a financial contribution

### **Debt Recovery Procedures**

Where payment from the parent/guardian has not been received in advance, or 'at the point of sale', the following process should be applied.

- All correspondence with Parents/Carers where a request for funds are made by the school, should state clearly in writing, the maximum period that the school regards as reasonable before payment is overdue. For example, payment for school dinners should be received by 30 days or payment for a school trip should be received by date/month/year.
- If payment is not forthcoming on the due date, the process detailed below should be applied.
- The school will keep a record of all charges for goods and services which must include the type of good/services supplied; the value, the date(s) supplied, the identity of the person the goods/services were supplied to (e.g. child name), the identity of the debtor (e.g. parent).

### **Verbal and Written Reminders**

Details of all reminders, whether verbal or in writing, should be maintained on Arbor. Where a letter or email is issued, a copy must be retained on file.

Should a debt need to be taken beyond three reminder letters, formal written evidence may have to be produced. It is therefore important that all communications are written clearly, stating, first, second and final reminder as detailed below.

**First ‘overdue payment’ reminder** should be sent the day after funds are due. A first reminder may be informal and can be made either by text, e-mail or by telephone. The date and method of the first reminder should be recorded in the notes section of the Sales Account holder in Sales Ledger

**Second ‘overdue payment’ reminder** should be sent one week after funds are due. This reminder should be sent by telephone and email wherever possible and issued one week after the funds are due and include the date of the first reminder. The date and method of the second reminder should be recorded in the notes section of the Sales Account holder in Sales Ledger

**Third ‘overdue payment’ reminder** letter should be issued 2 weeks after funds are due and include the dates of the previous 2 reminders. This correspondence should be addressed from the Chief Finance Officer and should also include an offer for the parent/carer to meet with the Chief Finance Officer if immediate settlement cannot be made. The date and method of the third reminder should be recorded in the notes section of the Sales Account holder in Sales Ledger

**Fourth and final overdue payment reminder** - This letter should be issued 4 weeks after funds are due and include the dates of the previous 3 reminders. This correspondence should be addressed on Walkwood Church of England Middle School and signed by the CEO. This letter should also include legal action if payment not made immediately in full. The date and method of the fourth reminder should be recorded in the notes section of the Sales Account holder in Sales Ledger

If Legal action is deemed necessary then it will be taken after the fourth and final reminder is issued.

If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner. I.e. at the time that the debt first became overdue.

### **Negotiation of repayment terms**

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first ‘overdue payment’ reminder.

However, if people are unable to pay;

The School may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be carried out, taking the following factors into account.

- Hardship – where paying the debt would cause financial hardship.
- Ill health – where our recovery action might cause further ill health.
- Time – where the debt is so large compared to the person’s income that it would take an unreasonable length of time to pay it all off.
- Cost – where the value of the debt is less than the cost of recovering it.
- Multiple debt – where someone owes more than one debt to the School. In this situation an attempt to agree one repayment plan to include all debts will be established.

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Head Teacher. A record of all such agreements entered into will be retained. The date and details should be recorded in the notes section of the Sales Account holder in Sales Ledger In all cases, an email will be issued to the debtor confirming the agreed terms for repayment. The settlement period should be the shortest that is judged reasonable and must be cleared by the end of term.

The Head Teacher will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will, in future, be required to adhere with the standard policy of paying in advance. This decision and its basis will be recorded and reported to the School Board.

### **Failure to respond to reminders to settle a debt**

If after 3 reminders and with no payment forthcoming or response from the debtor, the school will refer the debt and non-contact to Walkwood Church of England Middle School in accordance with Walkwood Church of England Middle School Finance Policy and due consideration will be given to referring to legal advice to collect the outstanding debt.

At the discretion of the Head Teacher, the debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them.

This decision and its basis will be recorded and reported to the School Board.

### **Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Chief Finance Officer will decide whether to seek to recover such costs from the debtor. The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by the school in recovering the debt. This decision and its basis will be recorded and reported to the School Board.

### **Complaints**

If the debtor wishes to raise a complaint related to the debt recovery process or decision, the debtor should do so in accordance with the school Complaints Policy.

## **5.6 Grants, Earmarked Funds and Other Such Income**

The Academy receives a number of grants and earmarked funds to support its activities. These may be subject to specific terms and conditions. The budget holder for these areas is responsible for applying for such funds and ensuring that they are spent appropriately, overseen by the CEO. Income budgets are set up in all cases where funding is expected. The Chief Finance Officer monitors the receipt of expected income.

## **SECTION 6: ORDERS FOR GOODS, WORKS AND SERVICES**

### Contents

#### 6.1 Responsibilities

#### 6.2 Raising an Official Order

#### 6.3 Requirements of an Official Order

6.4 Orders and Authority

6.5 Value for Money

6.6 Insufficient Quotations

6.7 Exceptions to Quotations for Goods, Works or Services

6.8 Business Interests

6.9 Outstanding Commitments/Orders

## **6.1 Responsibilities**

The CEO determines which staff in the Academy are responsible for raising purchase requisitions to order supplies. The delegated responsibilities are referred to in the Academy's approved Separation of Duties (section 8.6) but would usually be the Budget Holders. The Procurement Act 2023 will be adhered to.

It is the responsibility of the member of staff raising an order to ensure, as far as is reasonable and practical, that value for money is obtained in respect of each transaction. All goods, works and services shall be for the exclusive use of the Academy.

All leasing arrangements must have the Board's prior approval subject to the limits detailed in the Scheme of Financial Delegation (Appendix 1). Under no circumstances must a finance lease be entered into without prior approval of the Secretary of State as this is a form of borrowing.

The Academy will retain ownership of any goods or equipment purchased and has the ultimate responsibility for ensuring that contracts are fulfilled and invoices paid.

New suppliers can be added by the Finance Officer who has access to Xero. Checks will be made to ensure that any new suppliers, or alterations to existing suppliers, are bona fide.

## **6.2 Raising an Official Order**

An official order, or its equivalent must be raised for all goods, works and services except:

- Business rates, council tax and utility services as supplies of a continuous and obligatory nature;
- Inspection copy for books delivered to the Academy.

## **6.3 Requirements of an Official Order**

Official orders, or their equivalent, shall as a minimum:

- Be clearly identifiable as an order from Walkwood Church of England Middle School, including invoice address, staff contact etc.;
- Be serially numbered;
- Be physically or electronically signed by an authorised signatory;
- Include sufficient information, and any appropriate terms and conditions, on the goods, works or services being ordered (including prices and quantities) to enable adequate prepayment checks to be undertaken.

The method by which an official order is carried out is at the discretion of the Finance Officer. This may be via post, fax, email or via the supplier's website. A copy of all authorised orders will be retained on Xero.

#### **6.4 Orders and Authority**

Before an order is raised for the purchase of goods or services, it will be established that there are sufficient funds available, not already committed for the purchase of other items, to meet the estimated cost of the order.

However, there are certain circumstances, e.g. urgent repair to avoid further damage or where health or safety is compromised, where these conditions may not be met.

Once an order is raised it is authorised before the goods are physically ordered by the Finance Officer.

#### **6.5 Value for Money**

Everyone is responsible for obtaining value for money when purchasing goods, works and services. Before placing an order the Budget Holder shall estimate the probable cost of the goods, works or services required.

The Trust 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 supply and maintenance. A large proportion of purchases will be paid for with public funds and the Trust needs to maintain the integrity of these funds by following the general principles Probity: - It must be demonstrated that there is no corruption or private gain involved in the contractual relationship of the Trust

Accountability: - The Trust is publicly accountable for its expenditure and the conduct of its affairs.

Fairness: - That all those dealt with by the Trust are treated with on a fair and equitable basis

The estimate cost will determine the normal procedures to be followed in obtaining quotations or tenders. These procedures are outlined in the limits listed below: **Limits for determining procedure to be followed (excluding VAT)**

##### **Up to £3,000**

- Select one supplier/contractor and then place order

##### **Between £3,001 to £50,000**

- At least three competitive quotes in writing to be obtained\*
- Lowest quote to be accepted or reasons for non – acceptance to be recorded \*\*
- Place order

**In exceptional circumstances (to be decided by the CEO) the need for three quotes can be waived but only by the CEO. This must be reported to the Finance (Audit and Risk) Committee at the next available meeting.**

##### **Over £50,000**

- Contracts ( See section 7)

\*To be reviewed by someone independent of the purchase process

\*\*Such reasons should be approved in writing by the CEO and ratified by the full Board or appropriate subcommittee.

In determining the estimate cost of goods, works or services the following shall apply:

- Work shall not be sub-divided which could reasonably be treated as a single contact;
- The total estimated value of orders for a year for a given type of goods, works or services should, wherever practicable, be amalgamated when determining purchasing procedures;
- If a contract/arrangement is for a period greater than one year then the estimated value of orders to be placed over the full period should be used to determine the appropriate procedure;
- Where contracts run year to year with the Academy or contractor having the option to terminate on notice, the value of the contract shall be calculated over the period prior to the date when the break clause may first be exercised;
- Where leasing arrangements are used, the total amount payable over the life of the lease shall determine the appropriate procedure;
- Where contracts entail both revenue and capital costs (e.g. acquisition and support for IT systems) the revenue costs shall be estimated according to the points above;
- If the lowest quote obtained exceeds the upper limit applicable to the procedure selected, the CEO should consider whether the procedures for the higher category should be applied. If this is not considered appropriate, the reasons for not applying higher category procedures should be recorded.

## **6.6 Insufficient Quotations**

For orders valued between £3,001 and £50,000, if at least two quotations are received the CEO shall have authority to accept a quote which they consider represents best value to the Academy and is within 10% of the approved budget.

Where the selected quote exceeds the approved budget by more than 10% the CEO shall determine whether to seek further quotes or seek approval of a supplementary budget from the relevant Board sub-committee and the Chief Finance Officer.

## **6.7 Exceptions to Quotations for Goods, Works or Services**

In the following circumstances, competitive quotations are not required:

If the CEO considers that there are exceptional circumstances which justify the need to waive the requirements for competitive quotes, they may, upon documenting the reasons and with the specific approval of the Chair and Vice Chair of the Trust Board, award the contract by way of negotiating or re-negotiating. This must be reported to the Finance ( Audit and Risk ) Committee at the next available meeting.



Where, in the opinion of the CEO, the goods, works or services required are of such an urgent or specialised nature, it is not reasonably practical to obtain quotations.

Where a contract has been entered into with another public authority for the supply of goods, works or services e.g. Consortium, it shall not be necessary to seek competitive quotations provided the other public authority can satisfy the CEO that they have done so in initially selecting their supplier.

## **6.8 Business Interests**

If the supplier appears on the Register of Business Interests and if the Board has not specifically authorised transactions with the supplier, then the prior approval of the Chair of Board Trustees is obtained and recorded and filed with the register which will be examined at least annually by the Board.

## **6.9 Outstanding Commitments/Orders**

All outstanding orders are shown on the budget monitoring reports as commitments. In order to ensure that the level of commitments is still appropriate, an 'outstanding order' report is extracted from the accounting package by the Finance Officer and reviewed for appropriateness on a monthly basis. Each Budget Holder is contacted and asked to ensure that the items reflected are still expected. The Finance Officer requests that all cancelled orders are cleared from the system by the Chief Finance Officer.

## **SECTION 7 CONTRACTS (TENDERING POLICY)**

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## **7.1 Introduction**

All Academy staff and Board Trustees involved in letting contracts must have regard to the provisions of staff or Board Trustee's code of conduct, as appropriate, and in particular those relating to the undertaking of private works, canvassing and acceptance of gifts, inducements or rewards.

The Academy may choose to engage the assistance of professional advice and guidance where tenders or contracts are complex and for significant sums of money. No contracts shall be entered into unless there is uncommitted budgetary provision to meet the estimated cost unless it relates to works or repairs carried out in extreme urgency.

## **7.2 Contract Documentation**

All contracts, irrespective of value, shall clearly specify:

- What is to be supplied i.e. the works, materials, services, matters or things to be furnished, had or done;
- The provisions for payment i.e. the price to be paid and when;
- The time or times, within which the contract is to be performed;
- The provisions for the Academy to terminate the contract.

In addition, every contract over UK Public Procurement thresholds must also state as a minimum:

- That the contractor may not assign or sub-contract without prior written consent;
- Any insurance requirements;
- Health and safety requirements;
- Sustainability requirements;
- Ombudsman requirements;
- GDPR and Data protection requirements, if relevant;
- Race relations requirements;
- Disability Discrimination Act requirements;
- Freedom of Information Act requirements;

- Any appropriate measures required to support the Academy if the event of the Academy's Business Continuity Plan being invoked.

All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written consent of the Board. The CFO must ensure that the person signing for the other contracting party has authority to bind it.

Only contractors registered with their professional or trade association will be employed to carry out major work at the Academy.

Every contract shall contain a clause empowering the Academy to cancel the contract and recover the amount of any loss resulting from the cancellation, if the contractor is guilty of improper conduct.

### 7.3 Types of Tenders

**Open Tender** – This is where potential suppliers are invited to tender. This method involves the Finance Officer discussing and agreeing with the Chief Finance Officer how best to advertise for suppliers. All tenders submitted by the due date shall be considered.

**Restricted Tender** - This refers to where suppliers are specifically invited to tender. This method is appropriate where;

- There is a need to maintain a balance between the contract value and administrative costs.
- A large number of suppliers are likely to register an interest.
- The nature of the goods means that only specific suppliers can be expected to supply the Trust's requirements.
- The cost of publicity and advertising are likely to outweigh the potential benefits of open tendering.

**Negotiated Tender** – the Academy may negotiate the terms of the contract with one or more suppliers of their choice. This is appropriate in any of the following circumstances only:

- Open and restricted tendering has resulted in either no or unacceptable tenders.
- Only one or very few suppliers are available and therefore direct negotiation will prove more effective with each supplier than attempting an open or even a restricted tender
- Extreme urgency exists
- Additional deliveries by the existing supplier are justified.

The CFO shall record the reasons for entering into such negotiations and the agreement of the Finance (Audit and Risk) Committee shall be obtained and minuted.

Other tender processes may be used, but advice on their application and requirement should only be considered after proper professional advice has been sought.

### 7.4 Contracts under UK Public Procurement

Every contract for goods, works or services up to UK Public Procurement Thresholds may be created by means of a written acceptance of a quotation. The acceptance must be effected by means of a written official order or its equivalent.

## **7.5 Contracts above UK Public Procurement Thresholds**

UK Public Procurement Thresholds are reviewed on 1st January every two years in line with Sterling/Euro exchange rates. The thresholds at 1 January 2022 are £213,477 for supply, service and design contracts £663,540 for social and other specific services and £5,336,937 for works contracts.

Every contract for goods, services or works over UK Public Procurement Thresholds shall require written tenders with written acceptance signed by, or on behalf of, the Academy Trust Board.

Where the value of a contract for the supply of goods, works or services is likely to exceed UK Public Procurements, at least three tenders shall be obtained by the Chief Finance Officer presented and examined by the CEO using one of the three tendering procedures detailed above, as agreed by the Finance ( Audit and Risk) Committee.

## **7.6 Preparation for Tender**

Tendering is a formal process in which suppliers are invited to submit a sealed bid to the Academy. The bids are then evaluated against specified criteria. This process should be undertaken by a team normally comprising the user, the purchaser and a technical expert if appropriate.

Clarity is essential to avoid misunderstanding. Initial specifications need to be drawn up as precisely as possible and academies need to ensure that all supplier's bids are based on exactly the same specification as the original invitation to tender. Full consideration should therefore be given to:

- Budgeted funds available
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract
- Delivery dates/times

## **7.7 Pre-Tender**

Where, the CEO, CFO and the Board believe there is insufficient knowledge of an area to allow a sufficiently detailed specification to be prepared, external advice should be sought. Wherever possible this should be from an independent source. It is also possible to consult with potential suppliers as part of a soft market testing process, in which case at least two potential tenderers should be approached/consulted.

Where potential tenderers request further details of the Academy's requirements, full details of the enquiry and of the response given should be recorded. So far as reasonable, to ensure equality, details of any responses given to the enquiry should be circulated to other tenderers.

Where the Academy intends to provide or make available goods, services or premises to contractor(s) the CEO shall provide appropriate valuations for rent or other charges to be met by contractor(s). The details thereof shall be included in the tender documents.

## 7.8 Shortlisting Process

In the instance of a two stage tender process, academies may want to consider the following criteria to shortlist business questionnaires following the advertising process:

- 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
- Pre-sales demonstrations
- After sales service
- Sustainability issues

## 7.9 Invitation to Tender

If a restricted tender process is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation for all tenders should include the following:

- The Invitation to Tender shall state that no Tender will be considered unless it is received by the date and time stipulated in the Invitation to Tender. No Tender delivered in contravention of this clause shall be considered.

All Invitations to Tender shall include the following:

- A specification that describes the Academy's requirements in sufficient detail to enable the submission of competitive offers.
- A requirement for tenderers to declare that the Tender content, price or any other figure or particulars concerning the Tender have not been disclosed by the tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose).
- A requirement for tenderers to complete fully and sign all Tender Documents including a form of Tender and certificates relating to canvassing and non-collusion.
- Notification that Tenders are submitted to the Academy on the basis that they are compiled at the tenderer's expense.
- A description of the Award Procedure and, unless defined in a prior advertisement, a definition of the Award Criteria in objective terms and if possible in descending order of importance.
- Notification that no Tender will be considered unless it is enclosed in a sealed envelope or container which bears the word 'Tender' followed by the subject to which it relates, but no other name or mark indicating the sender.
- A stipulation that any Tenders submitted by fax or other electronic means shall not be considered, unless specifically provided for in the Invitation to Tender and with the prior agreement of the Board and CEO as to the process to be used.

- The method by which any arithmetical errors discovered in the submitted Tenders is to be dealt with. In particular, whether the overall price prevails over the rates in the Tender or vice versa.
- All Invitations to Tender or Quotations must specify the goods, service or works that are required, together with the terms and conditions of contract that will apply.
- The Invitation to Tender or Quotation must state that the Academy is not bound to accept any Quotation or Tender and may extend the closing date where appropriate.

All candidates invited to tender or quote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis.

Tenders should be submitted as sealed bids and on receipt the Academy should:

- Record the date and time of receipt on the envelope
- Store the tenders safely and securely, unopened until the specified date and time for opening unless electronically provided.

### **7.10 Opening of Tenders**

Tenders should be opened as soon as possible after the specified deadline for receipt and this should only be undertaken by staff authorised to do so. The following information should be recorded:

- Date and time of opening
- Name and signature of those present
- Value of each tender
- Details of suppliers who declined the invitation, or failed to submit a tender
- Any omissions in the submission e.g. documents, signatures, missing data etc.
- Any changes made with correction fluid should be circled and initialled.

### **7.11 Late Tenders**

Late tenders should normally be rejected and retained unopened until the contract has been awarded and then returned to the tenderer together with an explanatory note.

### **7.12 Changes to Tender**

Providing clarification of an Invitation to Tender to potential or actual candidates or seeking clarification of a Tender, whether in writing or by way of a meeting, is permitted. However, discussions with tenderers after submission of a Tender and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post-tender negotiations) must be the exception rather than the rule. In particular, they must not be conducted in a UK Procedure where this might distort competition, especially with regard to price.

If post-tender negotiations are necessary after a single-stage Tender or after the second stage of a restricted tender, then such negotiations shall only be undertaken with the tenderer who is identified as having submitted the best tender and after all unsuccessful candidates have been informed. During negotiations tendered rates and prices shall only be adjusted in respect of a corresponding adjustment in the scope or quantity included in the tender documents. Officers within the Academy appointed by

the CEO to carry out post-tender negotiations should ensure that there are recorded minutes of all negotiation meetings and that both parties agree actions in writing.

### **7.13 Evaluation and Approval of Tenders**

When securing best value, the Panel shall consider the most economically advantageous tender including the whole life cost for the period of the contract.

The evaluation should be documented fully and the documents retained.

A tender evaluation matrix should be based on the award criteria in the Contract Notice or tender documentation and should be prepared before tenders are opened and thereafter completed by each member of the Panel. All tenders must be opened at one time.

It will generally be appropriate to interview the three lowest priced tenderers. An evaluation report should be submitted by the Panel to the Chair of the Board identifying each of the (shortlisted) tenderer's strengths and weaknesses on financial, technical and operational grounds and detail all errors, modifications and correspondence with tenderers and results of rectifications (if any). All tenders must be arithmetically checked.

Errors in tenders identified by the Academy should be referred to the contractor concerned who should explain in writing the nature of the error to the satisfaction of the CEO & Chief Finance Officer. The tenderer should normally then be dealt with in the following manner:

- The tender(s) should be given details of the error(s) found during the examination of the tender and shall be given an opportunity of confirming without amendment, or withdrawing the tender; or
- Amending the tender to correct any genuine arithmetic error(s) apparent on the face of the document, providing that in this case, apart from the these genuine errors no other adjustment, revision or qualification is permitted. Such amendments should only be made in circumstances agreed with the Board.

There may be a need for the Academy or college to clarify tenders both in terms of prices and the Academy's requirements or a tenderer's proposal. As a result of their discussions there may be changes to price.

Full details of all discussions should be promptly recorded and notified to all other (shortlisted) tenderers to ensure fair competition and no distortions in the procedures. Such records are to be retained for the same period as contract documentation.

### **7.14 Award of Tender**

Where the selected tender exceeds the approved budget by more than 5% the CEO shall determine whether to retender or seek approval of a supplementary budget from the Finance (Audit and Risk) Committee.

### **7.15 Notification to Tenderers**

All organisations who submitted a tender should be advised of the outcome of the process as soon as is reasonably possible following evaluation of the submissions. Where a UK Process has been used all those who expressed an Interest shall be informed of the contract award.

### **7.16 Non-Conforming Tenders**

Any tender that does not comply with the requirements such as arriving late and/or after the other tenders have been opened, should normally be excluded from consideration

### **7.17 Maintenance of a Contracts Register**

All contracts are recorded in a formal contracts register. The contracts register is supported by individual contract files that contain all relevant information, including:

- the signed contract
- all other related agreements
- correspondence regarding any agreed changes to the original contract
- details of the staff and Board Members involved in the tender process and their roles
- the tender documents
- any corresponding minutes or correspondence connected to the contract

This information is used to identify all on-going commitments for budget setting purposes, to determine whether the Academy has made any prepayments that need to be reflected in the yearend accruals and the termination requirements if the Academy wishes to cancel or change these arrangements. The contracts/lease register and the supporting files are retained securely by the Chief Finance Officer.

### **7.18 Business Interests**

All staff and Board Trustees must also declare, to the Finance Committee, any business interest they have in a contract to be let.

### **7.19 Leases**

Under UK financial reporting standards are applicable to academy trust, there are two types of lease:

- finance leases; these are a form of borrowing
- operating leases: these are not borrowing.

Walkwood Middle School must obtain ESFA'S prior approval for the following leasing transactions:

- taking up a finance lease on any asset not on the DFE approved list for any duration from another party which are subject to the following borrowing restrictions.

o Walkwood Middle School must obtain ESFA prior approval for borrowing (including overdraft facilities, but excluding finance leases on the DFE approved list) from any source, where such borrowing is to be rapid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable. Credit cards must only be used for business expenditure, and balances cleared before interest accrues.



o Permission for borrowing is only allowed in exceptional circumstances, such as scheme introduced by the Secretary of State for Education – for example the department’s Condition Improvement Fund.

- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of 7 or more years.
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

Other than these, trusts do not require ESFA’s approval for operating leases.

Walkwood Middle School must ensure that any lease maintains the principles of value for money, regularity and propriety. The Walkwood Middle School should seek advice from their professional adviser or external auditor if they are in doubt about whether a lease involves borrowing

## **SECTION 8: PAYMENT OF ACCOUNTS**

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### **8.1 Payment Arrangements**

The Board is responsible for making safe and efficient arrangements for all payments of accounts. All payments on behalf of the Trust shall be made by the Board or under arrangements approved by them.

Payments are to be made against official invoices received from suppliers, and not against statements, delivery notes etc.

Payment against copy invoices (i.e. duplicates/photocopies) should only be made where detailed checking has confirmed that no payment has been made against an original and the member of staff should endorse the copy invoice to that effect. Faxed and e-mailed invoices are acceptable. E-mailed invoices must contain the full company name and details, as with standard invoices.

Payments may be made via electronic transfer (e.g. BACS) where appropriate controls are in place, or via cheque in an emergency.

Pro-forma invoices should only be paid where there is no practical alternative, and the reasons should be recorded. This should be referred to the Chief Finance Officer for prior approval. Any invoice subsequently obtained should be filed with the original payment documentation, and endorsed appropriately to prevent duplicate payments.

## **8.2 Invoice Payment**

Budget Holders are responsible for all spending against their budget. The Budget Holder must be satisfied that payment is properly due, i.e. that goods/services have been supplied on the terms agreed.

Once authorisation has been completed, invoices are settled by BACs.

If payments are to be made by BACS transfer, the Trust must ensure that the details of the receiving bank account are correct and that there are controls in place to guarantee the accuracy and authenticity of transactional information.

Cheque payment is only made in an emergency. If payment is to be made by cheque, the cheque is then prepared by the finance assistant in line with payment terms. The finance assistant presents the cheque together with all supporting documentation to cheque signatories for signing. All cheques and other instruments authorising withdrawal from any of the School's bank accounts should bear signatures/electronic signatures in line with the Scheme of Delegation.

To ensure that invoices are paid within the settlement terms stated on the invoice or within 30 days from the date of issue the Finance Officer monitors the unauthorised invoices on the accounting package, Xero. Where authorisation is not possible, due to a dispute/query with the suppliers, details are recorded and retained with the invoice. Discounts for prompt payment should be considered at all times. If prompt payment would result in discounts likely to be greater than any bank interest gained, then payments should be made to ensure the discount, subject to availability of funds at the time.

## **8.3 Payments Made by BACS, Standing Order or Direct Debits**

The Finance Officer will maintain a schedule of all direct debits and standing order payments set up for their Academy as previously mentioned in Section 4.7.

## **8.4 Payments Made by Multi-pay Card**

Payments are occasionally made via Multi-Pay Card, if it is not paid by invoice.

The procedures contained in the Use of Multi-Pay Cards Section 4.8 are followed.

## **8.5 Staff Reimbursement Claims**

Requests for staff reimbursement or payment where an official invoice cannot be obtained are supported by an internal pro-forma with supporting receipts or other documentation attached detailing what was purchased.

Under no circumstances should an individual incur expenditure on behalf of the Academy without prior authorisation. If the CFO is not satisfied that the expenditure was necessary and/or value for money achieved, the individual may not be reimbursed.

All paperwork should be presented to the CEO for authorising prior to a BACS being processed.

## **8.6 Separation of Duties**

The Board is responsible for ensuring, so far as is reasonably practicable, that there is adequate internal separation of duties in relation to significant financial transactions. For example:

- staff responsible for calculating, checking and recording monies due to be paid by the Academy shall not receive or make such payments;
- staff examining and checking the accounts of cash transactions shall not carry out (i.e. process) such transactions;
- staff who sign orders, confirm receipt of goods or services, and certify payments shall not perform more than one function for the same transaction.

The Head Teacher is to authorise all orders raised and may delegate the inputting and checking of invoices to members of staff within their school.

All payments of invoices or accounts for payment shall be approved by at least two bank signatories.

The CFO shall arrange a suitable division of staff duties within the Academy so that the member of staff who certifies an individual invoice for payment shall not be the person who either approved the order, or has confirmed the receipt of goods or completion of the work concerned.

Employees are not permitted to certify payments to themselves or to another employee who is related.

Staff are authorised to perform these roles with the Academy are detailed in the Scheme of Delegation (Appendix 1).

## **8.7 Checking Required**

The overriding principle to be adhered to is that authorisation and certification checks should be meaningful. To this end, they should be carried out and evidenced by those members of staff who are in a position to judge, for instance, whether goods/services have actually been received or whether invoice prices are correct.

The evidence should also be unambiguous e.g. an isolated signature on an invoice does not make it clear what has been checked or what is being authorised or certified and is therefore not acceptable.

The Finance Officer is responsible for ensuring that adequate checks are performed and evidenced prior to the payment of an invoice to satisfy themselves that the payment is accurate and due to be paid.

The following checks are regarded to be good practice.

For all invoices:

- where appropriate, a match is made with the official order, agreement, or other document authorising the expenditure;
- payment details are recorded on the official order or other suitable record;
- prices are in accordance with quotations or are otherwise reasonable;
- that the invoice is arithmetically correct;
- goods have been received, examined and approved with regard to quantity and quality and/or that work done or services rendered have been satisfactorily carried out or provided;

- where VAT is charged that the invoice carries the VAT registration number of the supplier;
- the invoice has not been previously passed for payment;
- the invoice is a proper liability of the Academy, has been duly authorised and is, to the best of the member of staff's belief, legal expenditure.

On a day to day basis, this is delegated to the Finance Officer when the invoice is inputted onto the financial software, Xero.

### **8.8 Authorised Signatories**

The Board shall determine persons in the Academy authorised to sign for all main financial transactions on their behalf. These should as a minimum include:

- orders for goods, works or services;
- payment of accounts;
- travel, subsistence and special assistance claims;
- payroll documents (e.g. overtime claims, timesheets)
- recommendations for write-off

## **SECTION 9: PAYROLL AND EMPLOYEE EXPENSES**

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### **9.1 Staff Contract Arrangements**

Walkwood Church of England Middle School has purchased a contract with Thorne Widgery for the processing of all payroll services.

### **9.2 Authorisation of Appointments**

Walkwood Church of England Middle School acknowledges that the CEO has a professional duty to participate in the selection and appointment of teaching and non-teaching staff, with the exception of the -CEO.

All staff appointments and promotions, etc. within the annual budget are made in accordance with the Academy's Pay Policy and authorised by the Head Teacher or CEO. (Documentation for the CEO is signed by the Chair of Board Trustees).

All staff changes are notified to the School Board at their next meeting. All appointments will be made following a formal process of advertisement, short listing, interview/selection procedure and notification of offer. The CEO will ensure that records are kept of all key stages in this process.

### **9.3 Pre-Employment Checks**

Before a member of staff is allowed to take up their position, The Trust ensures that thorough checks are undertaken to prevent unsuitable people from gaining access to children and to maintain the integrity of the teaching profession. These checks include:

- identity confirmation
- academic qualifications, where appropriate
- professional and character references
- previous employment history
- DBS Clearance
- Health Clearance

Detailed procedures are in place for those members of staff who are involved with the appointment process.

### **9.4 Notification of Payroll Changes to Payroll**

Payroll are notified as early as possible in the event of appointments, terminations, promotions, etc. to ensure that overpayments and other errors are kept to a minimum. Walkwood Church of England Middle School is aware that the end of the summer term is a critical time for correctly recording employee resignations and if Payroll are not notified by the appropriate deadline then employees who have left in July/August will be overpaid for August/September. Returns are submitted in accordance with deadlines published by Payroll.

## **9.5 Compliance with PAYE Requirements**

The Board is aware that it must ensure that all salaries, wages, fees and other remuneration due to staff and other individuals, whether under a formal contract of employment or not, are paid through a formal payroll system. In some instances the Academy may consider the use of individuals for certain services where their normal employment deems them to be self-employed. However, the Academy is aware that, dependent upon the nature (and circumstances) of the work that they are undertaking for the Academy, they may also be deemed to be employees and the Academy will need to ensure compliance with the appropriate legislation regarding income tax, National Insurance, pensions, sickness benefits, etc. Any budget holder or other person proposing to engage the services of an individual should first consult the Finance Officer and then to refer to the Chief Finance Officer as to whether that individual should be treated as an employee given the nature of the proposed engagement. If it appears that an individual may be employed by the Academy the individual will be placed on the payroll. If the Chief Finance Officer is in any doubt as to an individual's employment status they will consult the Trust's HR Consultancy for advice.

## **9.6 Payroll**

Walkwood Church of England Middle School purchases the services of Thorne Widgery. Payroll is instructed that only written communication can be acted upon by them, signed by the CEO, Chief Finance Officer and the Finance Officer.

## **9.7 Changes in Payroll Arrangements**

The Board of Walkwood Church of England Middle School is aware that, if it changes its payroll provider, provision must be made within the contract to allow access by the Academy auditors to access relevant records held by the payroll provider to enable the auditors to complete their enquiries effectively.

## **9.8 Retention of Personal Information**

Individual personnel files are held for all Academy staff. These files contain copies of all contracts and any other related documentation, e.g. interview notes, letter of appointment, performance management records, sickness records, etc. The appropriate manager will ensure that these files are complete and up to date. All payroll and personnel records are kept securely and treated with strict confidentiality. Access to personnel records and data is restricted to the following authorised staff:

- CEO
- Chief Finance Officer
- Office Manager

Access to computerised personnel records is granted to the auditors and the above personnel. Walkwood Church of England Middle School is registered under the Data Protection Act and GDPR and complies with its requirements.

## **9.9 Timesheets**

Walkwood Church of England Middle School uses electronic timesheets to record variable hours on a day-to-day basis, e.g. staff overtime and additional hours. These records are uploaded by the individual onto Edupay and passed to the CEO for authorisation. All payroll input and supporting documents will be retained for a period of six years for audit purposes.

## **9.10 Staff Deductions**

All staff deductions, e.g. pension contributions, union contributions, etc. are notified to the payroll provider by the individual using edupay. These deductions are collected automatically by Payroll and paid over to the relative bodies. Requests by employees for deductions must be made in writing, e.g. Kiddivouchers for childcare. Similarly, any amendments to address, marital status, bank details, etc. must be made in writing.

## **9.11 Payroll Reports**

The payroll service provides the Academy with a first run report that reflects:

- the names of all staff paid in the current period, split between the different types of contract, e.g. teaching staff, admin staff, caretaking and cleaning staff, etc;
- the basic salary received for the month in question;
- the monthly on-costs for national insurance, superannuation etc. Each month, the report will be checked by the Finance Officer, to ensure that all names appearing are bona fide and the costs for each individual are compared to the anticipated costs (e.g. contracts of employment) and any other input records, e.g. timesheets for variable hours. Errors can be identified at this point and the payroll provider advised. The checked report and spreadsheet will be sent to the Finance Officer for final checking before submitting to the CEO and Chief Finance Officer for signature before informing payroll to proceed before the date they have requested.

The Finance Officer will focus particularly on any errors identified, new starters, leavers, persons receiving additional payments to ensure that these are correct. All unexpected payments will be queried with the payroll provider.

A second payroll run report will then be generated confirming all amendments identified as part of the first run report. At the same time a payment authorisation report is received to confirm the sums to be deducted from the Academy bank account to fund the salary payments. The Chief Finance Officer will check these payments against the approved payroll reports.

A copy will be retained with the payroll reports for that month.

## **9.12 Nominal Contract Data**

Monthly payroll provides the Academy with a report for all staff showing their grades, FTE, allowances, etc. This report is checked by the Finance Officer referring to the contracts held by the Academy, paying particular attention to the following:

- ensuring that all recent changes have been properly actioned;
- ensuring that part-time hours have been properly reflected and holiday entitlement allocated correctly;

- ensuring that temporary contracts have been properly set up, i.e. that termination dates are reflected within the payroll system to prevent the overpayment of staff;
- ensuring that staff, who are not currently making contributions towards a pension have formally opted out of the scheme.

Any errors identified are reported back to payroll to ensure that pay and deductions are consistent with each individual's employment terms and entitlements and vice versa.

### **9.13 Expenses - General**

It is the policy of Walkwood Church of England Middle School that expenses will only be paid in respect of costs incurred while on Academy business. All benefits in kind, such as accommodation, use of telephones, vehicles, provision of clothing, equipment, , flu vaccinations, etc., will be paid through the payroll provider to enable taxable deductions to be taken into consideration.

Staff are expected to make only incidental personal use of Academy facilities, e.g. telephone, photocopier, etc. If any member of staff wishes to make greater use of any facilities they must obtain permission of the Head Teacher and a recharge of the cost will be made. Any significant non-compliance with the Academy's expected procedures will be reported by the Head Teacher to the School Board who considers whether this should be reported to the full Board. Board Trustees will then decide whether the non-compliance with procedures should result in any action.

### **9.14 Travel, Subsistence and Other Allowances**

Staff travel expenses which arise as a result of working on Academy business away from Walkwood Church of England Middle School are claimed on a monthly basis using an expenses claim form which is duly authorised by the CEO/Head Teacher. Claims made by the CEO are authorised by the Chair of Board Trustees.

For tax reasons, mileage can only be claimed for the excess mileage in travelling to Walkwood Church of England Middle School rather than between Academy and home. Where the Board/CEO agrees to pay expenses for any journeys from home to Academy the claimant will clearly record these.

Payment is only made when supported by authorised claim forms. The rates at which mileage and subsistence allowances are paid do not exceed the maximum level of the HMRC Authorised Mileage Rate. Walkwood Church of England Middle School is aware that payment may be made in excess of the recommended rate however any element in excess of this limit would be subject to taxable deductions.

Walkwood Middle School must approach the ESFA to seek approval for the following transactions:

- entering into a new electric vehicle salary sacrifice scheme
- accepting any further employees onto an existing vehicle salary sacrifice scheme.

The Trust must contact the ESFA early in the planning stage, both in relation to new schemes and accepting further employees onto existing schemes.



## **9.15 Board Trustee or Member Expenses**

The Board of the Trust recognise the DfE guidance that Board Trustees, Members or School Board members should not be financially disadvantaged and should be able to claim allowances for legitimate expenses incurred in carrying out their duties. The allowances paid only relate to actual costs incurred, apart from mileage costs which are paid at a rate not exceeding the maximum level of the HMRC Authorised Mileage Rate. Other expenses are paid on provision of a receipt up to a maximum amount determined by the Board, and are limited to the amount shown on the receipt.

Under no circumstances does Walkwood Church of England Middle School pay Board Trustees, Members or School Board members for loss of earnings or for time spent on Walkwood Church of England Middle School affairs. See the Board Trustees', Members' and School Board Expenses policy for full guidance relating to allowable Expenses.

Boards of Trustees in academies are free to determine their own policy on the payment of allowances and expenses. Walkwood Church of England Middle School recognises that Members, Trustees and School Board (SB) members should not be out of pocket and should be able to claim allowances for legitimate expenses incurred in carrying out their duties.

### **Payment of Expenses**

The following points should be noted when considering paying expenses:

- Payments may be made for any expenditure necessarily incurred by individual Members, Trustees and SB members to enable them to carry out their duties;
- Allowances for travel cannot exceed the Inland Revenue Authorised Mileage Rates;
- Payments of other allowances must only be made on provision of a receipt. The amount to be paid should be determined by the Board of Trustees and be limited to the amount shown on the receipt;
- Members, Trustees and SB members cannot claim attendance allowances i.e. payment for attending meetings or for loss of earnings;
- Payments to Members and Trustees of each governing body will be paid from Walkwood Church of England Middle School central account
- Expenses paid will apply to all categories of governor, including associate members;
- All expenses must have been agreed and authorised by the Board of Trustees prior to submission of a claim.

### **What allowances are eligible?**

Walkwood Church of England Middle School will allow for payments by way of allowance in respect of expenditure necessarily incurred for the purpose of enabling individual Members, Trustees and SB members to perform the duties expected of them by the Board. Examples of eligible expenses necessarily incurred are:

- Childcare or babysitting expenses (excluding payments to a direct family member or former spouse or partner);

- Care arrangements for an elderly or dependant relative (excluding payments to a family member or former spouse or partner);
- Telephone charges, photocopying, stationery etc.;
- Travel to attend a course related to their duties.

This is not intended to be an exhaustive list. The Board of Trustees will consider claims and make their own decisions in light of the Academy's needs. In making these decisions care will be taken to ensure not to make payments that incur tax.

### **Reimbursement of travel allowances**

If travel is undertaken by means of public transport, the guidance on reimbursing only actual expenditure will apply. The limitations on travel made by private vehicle are obtained from the Inland Revenue who issue approved mileage rates which do not incur tax. It is acceptable to pay less than the authorised mileage rates but the rates must not be exceeded. The rates are changed annually and can be found on the Inland Revenue website: [www.gov.uk/expenses-andbenefits-business-travel-mileage/rules-for-tax](http://www.gov.uk/expenses-andbenefits-business-travel-mileage/rules-for-tax).

### **Expenses not allowable**

No payments will be authorised for attending meetings or loss of earnings.

### **Approval of payment of expenses incurred**

All Trustees of the Board are permitted to vote on the nature and rates of allowances irrespective of rules on declaring direct and indirect financial interests. However, if an individual's claim is being considered or approved, that individual must withdraw from the meeting as he or she will have a financial interest in the outcome of the discussion.

Once approved, a claims form should be completed which can be obtained from the central finance team, attaching receipts where possible, and returned to the Finance Office. Claims will be subject to independent audit in the usual course of the financial year.

### **9.16 Publication of executive pay**

The Trust must publish on its website, in a separate readily accessible form, the number of employees whose benefits exceeded £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August. Benefits for this purpose include salary, other taxable benefits and termination payments, but not the Trust's own pension costs. In the case of employees who are Trustees, their salary and other benefits will also be disclosed in £5k bandings in the Trust's financial statements, as set out in the Model Trustees' Remuneration Note in the Academies Accounts Direction.

### **9.17 Special Payments**

Special Payments are transactions that fall outside the Trust's planned range of activities. They are non-statutory or non-contractual and so are subject to greater control than other payments. They include:

- staff severance payments

- compensation payments
- ex gratia payments

## **Severance Payments**

Special staff severance payments may be paid to employees outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different to ex gratia payments. When considering making a staff severance payment the Trust must consider the following issues before making a binding commitment:

- that the Trustees reasonably consider the proposed payment to be in the interests of the Trust
- whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the Trust is likely to be successful, then a settlement should not be offered
- if the settlement is justified, the Trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances
- Audit and Risk Committee must be notified if any such payments require their oversight or approval in line with the internal financial delegated authorities

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures. In accordance with HM Treasury's guidance on public sector exit payments, Academy Trusts must obtain prior ESFA approval before making a special staff severance payment where an exit package (which includes a special severance payments) is at or above £50,000 or the employee earns above £150,000. Prior Approval is needed by the ESFA.

## **Compensation Payments**

Compensation payments are made to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. When considering making a compensation payment the Trust must base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure value for money will be achieved. The Trust has delegated authority to approve individual compensation payments provided any nonstatutory/non-contractual element is under £50,000, where payment is £50,000 or more the ESFA's prior approval must be obtained

## **Ex gratia payments**

Ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Ex gratia payments are separate to other classes of special payment such as staff severance payments and compensation payments. Statutory and contractual payments made to Academy staff in accordance with the Trust's pay and conditions policy would not be ex gratia. Ex gratia transactions must always be referred to ESFA for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction.

## **SECTION 10: ACCOUNTING ROUTINES**

### Contents

- 10.1 Computerised Finance Software
- 10.2 Month end Procedures
- 10.3 Bank Reconciliation
- 10.4 Chart of Accounts Structure
- 10.5 Year end/closedown procedures
- 10.6 Suspense, Holding and Control Accounts

### **10.1 Computerised Finance Software**

Walkwood Church of England Middle School operates Xero & Edupay in accordance with the guidance materials issued by the supplier in conjunction with advice received from the Academy's appointed auditors.

### **10.2 Month-end Procedures**

The month-end routine is undertaken by the Chief Finance Officer. In order for relevant budget monitoring information to be produced, the Academy's accounting package must be up to date. The Academy has a set month end routine regarding the Academy's financial package to ensure that the accounts are up to date prior to the budget monitoring reports being produced. This includes ensuring that:

- all postings onto the computerised financial management are brought up to date;
- secondary account balances (duplicate accounts) are transferred to the main account
- control accounts are reviewed and cleared;
- budget monitoring reports are printed and monitored;
- VAT returns are completed; and
- other journals or transactions, e.g. trading accounts, earmarked funds are updated.

### **10.3 Bank Reconciliation**

The bank reconciliation of the main bank account is undertaken by the Chief Finance Officer.

## **10.4 Chart of Accounts Structure**

Walkwood Church of England Middle School has set up its chart of accounts, comprising of fund codes, cost centres and ledger codes, in order to provide the required reports for auditors, ESFA, Board Trustees and Budget Holders.

## **10.5 Year End/Closedown Procedures**

The year-end routine is undertaken by the Chief Finance Officer. At the end of each financial year a preliminary close down is performed in the software. All accruals and prepayments are identified and processed, and reconciliations of control accounts are undertaken performed. Funds are analysed to ensure income and expenditure has been correctly allocated during the year. When completing the year end the Trust Accountant reviews the accruals taking into consideration;

- Debtors - income owed to the Academy relating to the closing financial year period;
- Prepayments - payments made in advance of the new financial year;
- Creditors - supplies and services received in the closing financial year period but not yet paid for;
- Receipts in advance - income received in advance of the new financial year;
- Accruals – payments made after the period end which relate to the previous period.

After all year-end adjustments have been taken into consideration, and the final accounts have been prepared by the auditors and approved by the Board Trustees a final close down is performed. The Chief Finance Officer will ensure that Xero accurately reflects the financial statements approved by the Board.

## **10.6 Suspense, Holding and Control Accounts**

All control/suspense accounts (e.g. Payroll Control, Creditor/Debtor Control etc.) are reviewed by the Chief Finance Officer on a monthly basis and cleared regularly.

The VAT control account is monitored as part of the month end procedure to ensure that all expected reimbursements have been received. Walkwood Church of England Middle School is aware that it has a three-year deadline for recovering VAT and that any reimbursements not received within this time will no longer be recoverable and would need to be written out of the package.

## **SECTION 11: CAPITAL INCOME AND EXPENDITURE**

### Contents

#### 11.1 General

#### 11.2 Devolved Formula Capital Allocation

#### 11.3 Capital Project Plan – restrictions on ineligible expenditure

#### 11.4 Property/Premises Related Projects – Need to Obtain Approval from the Area Planning Officer

#### 11.5 Accounting for Capital Expenditure

## 11.6 Capital Expenditure – Contributions from Revenue

### 11.1 General

The staff and Board Trustees of Walkwood Church of England Middle School will exercise the same controls for capital income and expenditure as required for revenue items.

### 11.2 Devolved Formula Capital (DFC) Grant Allocation

On an annual basis, the Academy receives an allocation of Capital according to the funding formula. This can be spent in the year of allocation, or carried forward for up to three years to support the larger capital projects of the Academy. Walkwood Church of England Middle School is aware that any balances not spent within three years may have to be returned to the ESFA.

### 11.3 Capital Project Plan – Restrictions on Ineligible Expenditure

The Board of the Trust has an on-going estate plan for the maintenance of the Academy buildings and other capital projects which is incorporated into each individual schools' SDP. This forms part of the Academy's

Improvement Plan and has been factored into the Academy's medium term finance plan. Board Trustees are aware of the need to raise formal contracts for works undertaken in the Academy, and that, depending upon the value, tenders and not just quotes may need to be obtained.

The Board of Trustees are aware that the DFC funding allocation is restricted in its use and cannot be vired into any other areas or used for any form of revenue expenditure, e.g. for redecoration or leasing arrangements (as these items are deemed to be of a revenue nature). Progress against the Capital Projects Plan and the financial implications are monitored by Board Trustees separately from the Revenue Budget.

### 11.4 Property/Premises Related Projects – Need to Obtain Approval from the Area Planning Officer

Before any capital works are undertaken, consideration is given to the need to obtain consent from the Area Planning Officer.

### 11.5 Accounting for Capital Expenditure

As the funding for Devolved Formula Capital is received by the Academy locally, invoices relating to this allocation are paid for directly by the Academy through its local account.

## 11.6 Capital Expenditure – Contributions from Revenue

The Board is aware that Walkwood Church of England Middle School cannot reflect an 'overspend' on capital items. Where the capital costs exceed the available capital resources available, a transfer from revenue to capital will be undertaken to offset the difference. The cost of projects will have been agreed in advance, along with the sources of funding. The on-going progress of such projects is closely monitored by the Academy and the School Board on a regular basis.

The Academy may also undertake a transfer from revenue to capital in advance of the actual expenditure being incurred where work is imminent. The Academy would only undertake such a transfer once it is sure that the commitment will occur as it is clear that, once moved into capital, funds cannot be transferred back into revenue.

The Board Trustees of Walkwood Church of England Middle School are also aware that they are not permitted to enter into any form of borrowing without the approval of the Secretary of State.

## **SECTION 12: VALUE ADDED TAX (VAT)**

### Contents

#### 12.1 Introduction

#### 12.2 VAT Returns

#### 12.3 VAT Accounting

### **12.1 Introduction**

Clause 75 of the Finance Bill 2011 inserted a new section 33B into the VAT Act 1994, which will refund the VAT incurred by proprietors of academies in certain circumstances. HMRC Reference: VAT Information Sheet 09/11 provides details to academies explaining how the scheme will operate and which bodies will benefit from it. The Finance Officer is responsible for the identifying and correctly accounting for VAT in respect of all expenditure including petty cash in accordance with these regulations.

### **12.2 VAT Returns**

VAT 126 reports are extracted from the system on a monthly basis by the Chief Finance Officer.

The consolidated VAT 126 return is completed by the CFO and this is submitted to HMRC for reimbursement.

### **12.3 VAT Accounting**

Only VAT on educational supplies and services can be reclaimed. Any VAT on non-educational supplies and services will be adjusted to 'out of scope' on the relevant invoices prior to inputting on the finance system.

VAT will not be paid unless the supplier's VAT registration number is shown on the invoice. Members of staff responsible for authorising payments (as defined in the Scheme of Delegation) shall satisfy themselves that all suppliers' invoices for goods, works or services have complied with the relevant VAT legislation.

The CFO undertakes regular system reconciliations to ensure that the financial package, Xero properly reconciles, i.e. that the outstanding VAT claims match the amount reflected in the VAT control account within the financial package. Any discrepancies are addressed.

As Walkwood Church of England Middle School is not VAT registered it recognises that it cannot charge VAT on any supplies or services.

## **SECTION 13: SCHOOL JOURNEYS**

### Contents

- 13.1 Overview
- 13.2 School Journey budget statement/costing
- 13.3 Letters to parents/carers
- 13.4 Collection and Recording of Parent/Pupil Contributions
- 13.5 Accounting for Expenditure
- 13.6 Overall Financial Outcome
- 13.7 Refunds

### **13.1 Overview**

On several occasions during the year students may make trips or visits away from the Academy. For each trip or visit a trip leader is assigned who will be responsible for ensuring adequate funding for the trip. The trip leader is aware of the Academy's Educational Visits Policy and, in conjunction with the Finance Officer is responsible for accounting for the finances of the trip and ensuring the trip reconciliation is correct. Safety, risk and insurance considerations must also be undertaken, which are also included in the Educational Visits Policy.

### **13.2 School Visit Budget Statement/Costing**

After the initial agreement from the Head Teacher and Leadership Team all proposed activities are formally costed in line with the Academy's Charging and Remissions Policy. Consideration is also provided as to whether the activity forms part of the educational activities of the Academy or is in addition to this. The trip leader will liaise with the Finance Officer to ensure that all costs are covered, and any charging is accurate.

### **13.3 Letters to Parents/Carers**

Once the costing has been agreed, the trip leader prepares a letter to parents reflecting the proposed charge and/or voluntary contribution requested. This is passed to the trips administrator for typing and distribution. Parental consent forms are also requested.

### **13.4 Collecting and Recording of Parent/Pupil Contributions**

All income is recorded onto Parentpay and Xero. A separate record must be maintained to identify how much each pupil has paid. Where a pupil withdraws from an activity, all collection/payment details are retained within the collection record as a permanent reflection of all transactions.

### **13.5 Accounting for Expenditure**

All expenditure incurred during an activity is recorded in the Academy's accounting system, Xero in the normal way by the finance team. Separate cost centres are maintained for school journeys and educational visits. Deposits will only be paid out once the viability of the trip has been ascertained. All



cash expenditure is fully receipted. For foreign activities, a Post Office travel card should be used for emergency items. However, as far as possible expenses are paid for in advance or on receipt of invoices and/or a business card will be used so as to minimise cash transactions.

### **13.6 Overall Financial Outcome**

Once an activity is complete, a final reconciliation is undertaken between the income collected and the transactions reflected in the financial package. This reconciliation is completed and checked by the trip leader. Where the final outcome is significantly different from the original costing, the reasons are established and recorded. All financial records relating to the activity are retained within the finance office.

### **13.7 Refunds**

Where an activity makes a surplus any remaining balance is transferred to Academy funds and is used to support students on future activities.

If a deficit occurs, this may only be made up from grant income if the trip is deemed to be of an educational nature and taking place during normal curriculum core hours.

The total amount of contributions received for a trip is often unknown when open to larger groups and where voluntary contributions are requested. No trip is set with costs to intentionally generate a surplus but on occasion this may happen.

Payments for larger/residential trips may have a 'non-refundable' element which is reflecting the terms and conditions of the trip provider.

## **SECTION 14: SCHOOL MEALS**

### Contents

14.1 Catering Contract

14.2 Income Handling and Recording

14.3 Adult Meals

14.5 Free School Meals

14.6 Official Functions

### **14.1 Catering Contract**

Walkwood Church of England Middle School has inhouse catering services.

### **14.2 Income Handling and Recording**

All income collected is administered by the Chief Finance Officer in line with the Income Collection routines detailed in Section 5.

### 14.3 Adult Meals

All adults taking a meal are expected to pay for these on the day they are taken, the same as pupils, unless they are authorised meals. VAT cannot be reclaimed on the proportion of costs involved in producing the adult meals unless the de minimis test is met. There are de minimis rules that allow VAT relating to exempt supplies to be recovered provided it amounts to less than £625 per month and is less than 50 per cent of the input tax incurred in the VAT accounting period (the original test).

### 14.4 Free School Meals

Families in receipt of the benefits listed below may be entitled to free Academy meals, provided that they apply for them by contacting Worcestershire County Council:

- Income Support
- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Support under Part VI of the Immigration and Asylum Act 1999
- The guaranteed element of State Pension Credit
- Child Tax Credit (provided you're not also entitled to Working Tax Credit and have an annual gross income below the stated limit)
- Working Tax Credit run-on - paid for 4 weeks after you stop qualifying for Working Tax Credit
- Universal Credit – if applying after 1 April 2018, household income must be less than a certain limit a year (after tax and not including any benefits) The academy uses LGfL to undertake checks for free school meal eligibility <https://pps.lgfl.org.uk/> In the event that a family applies for free school meals, but is not successful, a retrospective charge will be made for any meals taken. Where a family has been entitled to free school meals, but their entitlement expires, the family will be responsible for the cost of any meals taken after the expiry date. Walkwood Church of England Middle School is aware that it does not have the power to provide free school meals to any students, other than those covered by the benefits already identified. All children of Early Years or KS1 age are entitled to a free meal under the Universal Free School Meals programme. The following link will confirm the current limits for entitlement <https://www.gov.uk/claim-tax-credits/what-counts-as-income>

Walkwood Church of England Middle School undertakes checks for Free School Meal eligibility. In the event that a family applies for free school meals, but is not successful a retrospective charge will be made for any meals taken. Where a family has been entitled to free school meals but their entitlement expires, the family will be responsible for the cost of any meals taken after the expiry date. Walkwood Church of England Middle School is aware that it does not have the power to provide free school meals to any students, other than those covered by the benefit already identified.

### 14.6 Official Functions

On occasion, Walkwood Church of England Middle School also requests the provision of refreshments for meetings, etc. through the Kitchen. The costs of these are charged to the Academy separately. All requests for additional catering must be notified to and authorised by the CFO.

Alcohol must not be purchased.

## **SECTION 15: LETTINGS**

### Contents

#### 15.1 Letting Applications

#### 15.2 Insurance

#### 15.3 Schedule of Lettings

#### 15.4 Deposits

#### 15.5 VAT

#### 15.6 Invoicing

### **15.1 Letting Applications**

Walkwood Church of England Middle School has prepared and approved a Lettings Policy. This policy is reviewed at regular intervals.

Enquiries for the hire of the Academy premises are directed to the CEO to determine that the facilities and dates are available. At the start of each hire period the hirer is asked to agree and sign a formal application form, prepared by the Finance Officer setting out the facilities, the time to attend and the proposed dates and the lettings charge. For on-going lettings, a new application form is required at the start of each year. All applications to hire the premises are approved and signed by the Head Teacher in accordance with the Scheme of Financial Delegation. The application form is then retained in the Finance office and the Site Manager/Caretaker advised.

### **15.2 Insurance**

It is expected that all commercial enterprises, including the PTA, seeking to hire any part of the Academy premises must hold valid public liability insurance. Prior to the first session of any hire period, the Finance Officer will ensure that the hirer holds public liability insurance with a minimum value of £5,000,000. A copy of the insurance certificate must be obtained and filed with the Application form.

### **15.3 Schedule of Lettings**

A schedule of all lettings is maintained in the appropriate office. This is annotated to reflect any issues that may arise, e.g. failure to turn up, cancellation and the reason why. The schedule is referred to when raising invoices or dealing with queries raised by the hirer.

### **15.4 Deposits**

If considered appropriate, a 'one-off' let can be requested to pay a deposit determined by the school at the time of application that is returnable after the event, providing that there is no damage or undue cleaning required. Deposits will be cashed in advance of the hire and returned within one week of the hire taking place.

## **15.5 VAT**

As the Academy is not registered for VAT it cannot charge VAT on any lettings; conversely it cannot reclaim any VAT paid on facilities and utilities provided for the letting unless the de minimis test is met.

There are de Minimis rules that allow VAT relating to exempt supplies to be recovered provided it amounts to less than £625 per month and is less than 50 per cent of the input tax incurred in the VAT accounting period (the original test).

## **15.6 Invoicing**

Wherever possible, invoices for casual lets are raised at least two weeks prior to the event taking place and full payment is expected 48 hours before the date of the hire. Failure to make payment will result in the hiring being cancelled and the deposit forfeited. For regular lets, invoices will be raised by the Finance Officer in advance through the Xero accounting system. All income received is collected through the Finance Office and recorded in the Xero accounting package by the Finance Officer. All income received must be paid into the main Academy account.

On a monthly basis the Finance Officer extracts a debtor report from the Xero accounting package and reviews all invoices over 30 days old. Statements are issued to the outstanding hirers requesting payment and details of all chasing letters and responses retained on file. This will be sent to the CFO to review at the end of each term together with updates on any outstanding debts.

## **SECTION 16: FIXED ASSETS**

### **Contents**

#### **16.1 Asset Register**

#### **16.2 Security of Assets**

#### **16.3 Disposal of Assets**

#### **16.4 Items Removed from Academy**

#### **16.5 Inventory checks**

### **16.1 Asset Register**

Walkwood Church of England Middle School is responsible for maintaining the asset register for their school and is responsible for the safe custody of stocks, stores, cash and valuables at the Academy and in transit. Private property held by the Academy on behalf of individuals is safeguarded. All items purchased with a value over Walkwood Church of England Middle School capitalisation limit of £1000 must be entered to the asset register.

In addition items purchased with a value greater than £200 must be recorded in the register for insurance purposes

The asset register includes the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- location
- name of member of staff responsible for the asset
- proof of purchase

The Asset Register is maintained within Parago and Xero:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and Walkwood Church of England Middle School's financial system, Xero;
- support insurance claims in the event of fire, theft, vandalism or other disasters.

### **16.2 Security of Assets**

Stores and equipment are secured by means of physical and other security devices. Only authorised staff may access the stores. All the items in the register are permanently and visibly security marked as Walkwood Church of England Middle School property.

### **16.3 Disposal of Assets**

Approval of the Secretary of State via the ESFA must be gained prior to disposing of freehold on land or buildings. Worcester Diocesan Academies Trust (WDAT) and Diocesan Board of Finance are to be consulted if disposal of land or buildings are church related.

Assets may only be disposed of with the prior approval of the CEO, up to the value of £5,000 or the Board of Trustees for items in excess of this amount. All disposals are reported back to the School Board at their next meeting. The reason and method of disposal is recorded in the inventory (the entry should not be completely removed from the record at the time that the item is actually disposed of).

Items which are to be disposed of by sale or destruction are authorised for disposal by the CEO and, where significant, are sold following competitive tender. Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence that 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 Walkwood Church of England Middle School would need to ensure licences for software programmes have been legally transferred to a new owner. Walkwood Church of England Middle School 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 Walkwood Church of England Middle School must repay to the DFE a proportion of the sale proceeds.

All transactions in excess of £1,000 will be noted as a separate disclosure in the annual accounts.

#### **16.4 Items Removed from Academy**

All equipment taken off site must be initially agreed with the CEO and formally recorded in the loans record that is retained within the finance office, e.g. computers, cameras, mobile phones, etc. Individuals should sign to acknowledge personal responsibility for items in the possession and must not hand them on to other staff without first obtaining permission to do so and formally recording the transfer. The new 'custodian' must sign to accept responsibility. Items should be logged back in once they are no longer required. Where assets are removed from the premises, the insurance of the asset must be maintained, and if necessary the members of staff borrowing the item should arrange independent cover. The insurance must cover the transporting of the asset to and from home, as well as the time in their home. 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 are therefore kept under review and any potential benefits discussed with Walkwood Church of England Middle School auditors.

#### **16.5 Inventory Checks**

The Site Manager and IT Manager will arrange for a count of all assets in the register to be undertaken every year. Discrepancies between the physical count and the amount recorded in the register are investigated promptly and, where significant, reported to the Board.

### **SECTION 17: SECURITY**

#### Contents

17.1 Security of Cash and Other Assets

17.2 Key Holders

17.3 Key Cutting /Replacement

17.4 Computer Systems Data Security

17.5 Data Protection

17.6 Access Rights

17.7 Retention and Disposal of Accounting Records

#### **17.1 Security of Cash and Other Assets**

All income due to the Academy is recorded through the finance office. Records are maintained of the source of the income, the date received and is cross-referenced to banking. The Academy has a safe facility should any cash be received, it should be held securely until it is banked. Keys to the Academy safe are held by the Finance Officer and appropriate members of staff. All keys to the safe and other secure areas are removed from the Academy site out of Academy hours. The finance office door is

always locked when not attended. Academy property will be security marked by the Site Manager wherever possible. Valuable/attractive items will be stored securely wherever practical. Staff are responsible for Academy property in their custody. All cash must be stored securely in the school safe overnight.

### **17.2 Key Holders**

The management of Academy keys is undertaken by the Site Manager. All staff that hold an Academy key (external/internal, safe, other secure areas, etc.) have to sign the Key Log. Where keys are no longer required, they must be passed back to the Site Manager or Admin Manager and the Key Log is updated to reflect their return.

### **17.3 Key Cutting/Replacement**

Where additional keys are required a formal request should be made to the Site Manager. Where permission is granted the Site Manager will be asked to arrange for the new keys and a formal record will be made within the key log. Under no circumstances should staff cut their own keys or pass their keys on to other individuals. All members of staff are required to report the loss of a key immediately to the Site Manager where an assessment will be undertaken to determine:

- the circumstances of the loss and the likelihood of the key being used improperly
- the need for the lock or lock mechanism to be changed, based on the circumstances of the loss and the key's level of security.

### **17.4 Computer Systems**

Arbor systems are used to process and record financial, student, personnel and other management data efficiently and it is therefore important that such information is properly protected and backed up with access restricted only to authorised users. Walkwood Church of England Middle School use Xero and the IT Support for this software is provided by a service level agreement with Concero.

Xero is backed up daily.

Only authorised software is used in the school to prevent viruses being imported. Anti-virus software is installed on computers used for Academy management.

Custody and smooth-running of the Xero accounting system and records is the responsibility of the Trust Accountant who ensures that relevant staff members are familiar with the procedures. Staff training takes place as necessary.

### **17.5 Data Protection**

The Academy has a current valid data protection registration that is renewed on an annual basis. The Academy's registration expires in February each year and it is the responsibility of the Chief Finance Officer to ensure continuous renewal. The ICT coordinator ensures that computers and systems comply with the Data Protection Act.

### **17.6 Access Rights**

Only authorised staff members have access to computer hardware and software used for Academy management. The Network Manager sets access rights at the appropriate level for each member of staff. Passwords are not disclosed and staff are advised to change them regularly (at least every 6 months).

### **17.7 Retention and Disposal of Accounting Records**

The CEO and CFO are responsible for ensuring that the accounts and supporting records of the Academy are maintained securely in accordance with proper practices and for the safer custody and proper use of controlled stationery.

All accounting records are retained securely to safeguard documents against loss, destruction or unauthorised alteration for the periods specified in the Information Management Toolkit for Schools which can be accessed via the following link: <https://irms.org.uk/page/SchoolsToolkit>

All personnel files are locked away within the Office managers office. All payroll information is locked away within the finance office. Bank statements, budget information and secured stationery (e.g. receipt books, pre numbered invoice books, pre numbered order books, etc.) are locked away within the finance office. Cheque books are retained within the safe. The reasons for the retention of finance related documents are twofold:

- To comply with the statutes of limitation.
- To allow inspection by auditors either internal or external and HM Revenue and Customs, who may need to investigate records going back some years.

Care is taken to dispose of documents containing sensitive data appropriately, usually by shredding.

### **17.8 Cyber crime**

The Trust regularly reviews its exposure to the potential risk of cyber-crime working with the individual schools IT providers to ensure proportionate controls and actions to mitigate risks are in place, to include appropriate actions where a cyber-incident has occurred our providers regularly reviews and advises on the levels of accessibility staff have to the system and all other areas where potential breaches of IT security are likely. A termly review of service provision is required under the terms of the IT contract and a review of Trust and National cybercrime incidents and necessary mitigation is a key agenda item. The specification of the Trusts IT network now includes Schools Data Synchronisation which ensures all possible breach points through unauthorised email accounts, unauthorised software and out of date server links are shut down. Double authentication of access to email accounts is now part of the essential specification for our IT Network. Permission must be sought from the ESFA where a ransom demand is made.

Walkwood Middle School must obtain permission from ESFA to pay any cyber ransom demands. ESFA supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents



## **SECTION 18: RISK MANAGEMENT**

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18.1 Board Trustees' Responsibilities for Risk Management

18.2 The Risk Management Process

18.3 The Risk Management Meeting

18.4 The Risk Register

18.5 Ongoing Review and Reporting Mechanisms

18.6 Categories of Risk

### **18.1 Board Trustees' Responsibilities for Risk Management**

The Charity Commission requires charities to include a statement in the Trustees' Annual Report confirming that all major risks to which the charity is exposed have been reviewed and systems have been established to mitigate those risks.

The Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk through the Academy through the development, implementation and embedding within the Academy of a formal, structured risk management process.

In line with this policy, the Board considers the major risks from the outset in order to make and sign up to that statement. For example, Board Trustees have determined:

- what the major risks are to the Academy;
- what the likelihood is of those risks materialising;
- what would be the potential impact of the risks;
- what systems have been put in place to mitigate and monitor the risks; and
- a decision on the level of risk to be covered by insurance;

The risk management process should include preparation of a Contingency and Business Continuity Plan to deal with crises that could face the Academy.

Board Trustees must also ensure that the Academy complies with general legislative requirements covering employment, property and health and safety regulations. They also need to think about how they can mitigate against those working for the Academy from acting unlawfully, imprudently or outside the terms of the Academy's governing documents, and are expected to consider whether indemnity insurance should be taken out to cover them against this liability.

Board Trustees are at risk of personal liability if they cause loss to the Academy by acting unlawfully, imprudently or outside the terms of the Academy's governing document.

## **18.2 The Risk Management Process**

The Board will decide upon an appropriate individual with the Academy to take overall control of the risk management process and to chair the Finance( Audit and Risk( Committee who have overall responsibility for risk management. Senior members of the management team will meet to identify and assess the risks.

Prior to the meeting the attendees will consider and submit to the Chair, what they perceive to be the risks to achieving the objectives of the Academy. From these submissions the Chair will arrive at an overall list of the main risks facing the organisation.

## **18.3 The Risk Management Meeting**

The objectives of the risk meeting are as follows:

- Discuss and agree that all involved are satisfied with the Chair's list of risks;
- Determine the appropriate response to each risk;
- Assess existing controls and determine appropriate action;
- Allocate responsibility for action; and
- Agree future reporting and review procedures.

Each risk will be discussed and rated in terms of likelihood and impact, and subsequently decide what their risk level is. This will determine what response the board wishes to make to each risk.

Controls will be identified that exist to mitigate those risks identified. The value for money of the chosen responses needs to be considered. Clear responsibilities will be allocated to the list of actions together with a deadline required to produce an acceptable internal control system.

## **18.4 The Risk Register**

Following the meeting Board Trustees will produce a Risk Register which demonstrates the results of the risk assessment process. Walkwood Church of England Middle School use Excel to manage their risk register.

The final version of the Register will be circulated to all Board Trustees and senior staff of the Academy so they are aware of the Risk Management Policy and controls in place to limit exposure to risk.

## **18.5 Ongoing Review and Reporting Mechanisms**

The Finance/Audit Committee of the Academy leads on a process for continuing review of the Risk Register, bearing in mind that the key risks faced by the Academy may change and that the adequacy of internal control systems require regular reassessment.

## **18.6 Categories of Risk**

The table below offers a summary of the most common categories of risk. The table is not exhaustive.

Category of Risk	Illustration/Issues to Consider
Political	Possible political constraints such as change of government
Economic	Economic factors such as inflation, budget constraints, new funding formulae
Socio-Cultural	Demographic changes affecting demand for Academy places, change of stakeholder expectations
Technological	Obsolescence of current systems, procurement and best use of technology to achieve objectives
Legal	Laws and regulations which impose requirements e.g. health and safety, employment legislation
Environmental	The need for buildings to comply with changing standards, disposal of rubbish, CO2 emissions, pandemic
Operations	Overall capacity and capability to achieve objectives
Service Delivery	Failure to deliver the agreed service
Resources-Financial	Availability and allocation of funding; poor budget management
Resources-Physical	Security against loss, damage and theft of physical assets and fraud including identification of areas which can be insured
Resources-Human	Availability, retention, skills and capacity of staff
Resources-Information	Adequacy of information for decision making; security of information against loss, damage, theft and fraud
Relationships	Threats to relationships with delivery partners; customer satisfaction; accountability (particularly to Parliament)
Reputation	Confidence and trust which stakeholders have in the organisation
Governance	Propriety and regularity; compliance with relevant requirements; ethical considerations
Scanning	Failure to identify threats and opportunities

Resilience	Capacity for accommodation, systems and ICT to withstand adverse impacts and crises; contingency planning and disaster recovery e.g. fire, flood, failure of power supply etc.
Public Sector targets	New targets challenging the Academy's capacity to deliver
Change Programmes	Programmes which threaten current capacity to deliver as well as providing opportunity to enhance capacity
New Projects	Prioritising new activities that are competing for resources
New Policies	Policy decisions creating expectations that the Academy has uncertainty about delivery

## SECTION 19: INSURANCE

### Contents

19.1 Insurance cover

19.2 Policies held

19.3 Employees use of own vehicles on Academy business

19.4 Changes to risk exposure and insurance cover requirements 19.5 Claims

### 19.1 Insurance Cover

Walkwood Church of England Middle School has made the decision to use the RPA Scheme, which is underwritten by the Government. This is reviewed annually by Board Trustees.

### 19.2 Policies Held

In addition, Walkwood Church of England Middle School are aware that additional insurance policies may be required for capital building works not covered by the RPA.

### 19.3 Employees Use of Own Vehicles on Academy Business

All members of staff using their own car for Academy business should be covered under an extension to their own policy.

## **19.4 Changes to Risk Exposure and Insurance Cover Requirements**

The Finance Officer will notify the insurers of all new risks, property, equipment and vehicles, which require insurance or alterations affecting existing insurance cover as appropriate.

## **19.5 Claims**

The Finance Officer will immediately inform the Insurance Company of all accidents, losses and other incidents, which may give rise to an insurance claim.

## **SECTION 20 -RESERVES**

### Contents

#### 20.1 Types of Reserves

#### 20.2 Management of Reserves

Walkwood Church of England Middle School has established a Reserves Policy to protect its activities by providing a financial comfort zone against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement. The policy also provides the framework for future strategic planning and decision-making. The development of an effective Reserves Policy will restrict the impact of any risk upon the continuing operations of Walkwood Church of England Middle School. The Reserves Policy and the establishment of ranges is based upon an annual risk assessment of the internal and external operating environment, as well as having a due regard for the nature of activities under taken by the Third Party Administrators for its beneficiaries.

### **20.1 Types of Reserves**

#### **Designated Reserves**

Designated Reserves are reserves that have been set aside at the discretion of the Directors in furtherance of any of Walkwood Church of England Middle School objectives. Where a designation has been identified, the purpose and timing of any expenditure must be explained.

The target range for any Designated Reserve will be determined by the nature of the designation itself; the reserves will be derived from unrestricted and restricted funds where applicable.

#### **Unrestricted Reserves**

Unrestricted Reserves (including Designated Reserves) are derived from income funds, grants or donations that can be spent at the discretion of the directors and governors in furtherance of any of the TPA's objectives.

If part of an unrestricted income fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the directors' and governors' discretion to spend the fund. Unrestricted Reserves will be achieved through operational efficiencies and any trading activities undertaken by the TPA.

Unrestricted Reserves are generally defined as funds held after excluding:

Endowment funds (permanent and expendable);

- Restricted funds; and
- Funds that can only be generated on the sale of fixed assets used for charitable purposes.

### **Restricted Reserves**

Restricted Reserves (including Designated Reserves)

- may be restricted income funds, grants or donations that are spent at the discretion of the directors and governors in furtherance of some particular aspect(s) of the objects of Walkwood Church of England Middle School
- or where the nature of expenditure has been defined by the donor
- or they may be endowment funds, where the funds or assets are required to be invested or retained for actual use, rather than spent.

The Board of Trustees review the reserves levels annually in the context of the key risks identified in the Risk Register and the Asset Management Plan and with consideration to the Trust's Strategic objectives. School Budgets seek to achieve a minimum level of reserves of 5% of the total school income. If the proposed budget does not maintain reserves of at least 5%, the Governing Body must agree a plan to seek to achieve reserves of at least 5%, to the satisfaction of and in a timeframe agreed by Walkwood Church of England Middle School CFO, an approved by the Board of Trustees.

### **A Balanced Budget**

Walkwood Middle School is expected to set and maintain an in-year balanced budget where costs are met from income in a given year. Accumulated reserves can be utilised, subject to the provision of this policy and the scheme of delegation.

### **Maintaining a Minimum Level of Reserves**

Walkwood Middle School seeks to achieve, as a minimum, a reserves balance equal to 5% of total funding.

For the purpose of this policy, reserves are deemed to exclude restricted fixed assets funds, pension reserves and other specifically designated funds (e.g., funds held for particular Board approved projects).

The minimum level of reserves is ultimately limited by the need to maintain a positive cash accounting position for

And may, therefore, be subject to change.

The maximum level of reserves will take into account the following factors:

- Two month's gross salary bill.
- The Trust's annual budget.
- The need for any large project spend such as facilities development or building condition needs.
- Any uncertainty, turbulence or expected reduction in funding arrangements.
- Anticipated funding over the next three years.

### Monitoring and Reporting

Each year, the Board will report in the financial statements:

- The level or range of reserves considered appropriate for the Trust;
- The level of reserves at year-end;
- How the Trust is going to achieve the desired level or range of reserves; and
- How often the Reserves Policy is reviewed.

The Finance Committee will monitor the school's budget against actual expenditure together with the level of reserves .

### Pensions Liabilities

The risks surrounding the Board's pension liability should be taken into consideration. The presence of a pensions' surplus or deficit will result in a cash flow effect for the Trust in the form of an increase or decrease in the Trusts future pension contributions over a period of years. The Board should assess the ability of the MAT (and individual schools) to meet the required pension contributions from projected future income without significantly impacting upon its planned level of activities. The above relates only to the Local Government Pension Fund as Teachers' Pensions are underwritten by Government.

Restricted Reserves are only available for expenditure once Walkwood Church of England Middle School has met its commitments and other planned expenditure and is in accordance with the limitations outlined in the original funding.

Restricted Reserves also are inclusive of capital items and are defined as Restricted Fixed Asset Reserves. This reserve is specifically held for capital purposes in furtherance of some particular aspect of the objectives of Walkwood Church of England Middle School.

All Restricted Reserves will be generated through improved operational efficiencies and effective manpower planning and resourcing in addition to a proactive programme to identify relevant sources of grant funding.

### **Pension Reserve**

The risks surrounding Walkwood Church of England Middle School pension liability have been taken into consideration when calculating the target ranges. The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset and does not mean that the equivalent amount is already committed or no longer available to Walkwood Church of England Middle School. The presence of a pension surplus or deficit will generally result in a cash flow effect for Walkwood Church of England Middle School in the form of an increase or decrease in employers' pension contributions over a period of years. Walkwood Church of England Middle School is confident that it can meet the

required pension contributions from projected future income without significantly impacting upon its planned level of activities. Walkwood Church of England Middle School continues to calculate its reserves without setting aside a Designated Reserve to cover the pension liability.

## **20.2 Management of Reserves**

Reserves held in excess of the target percentage will be reviewed by Walkwood Church of England Middle School on a regular basis and an appropriate range of options will be considered which might include

- releasing the funds into the revenue budget in development of Walkwood Church of England Middle School objectives,
- assigning funds to appropriate designated reserves as may be determined by Walkwood Church of England Middle School
- or investing the funds to generate further income to allow expansion of Walkwood Church of England Middle School work.

The movement of funds to and from the reserves identified (other than movements from restricted to unrestricted) above will be at the discretion of Walkwood Church of England Middle School, or the appropriate sub-committee where delegated authority has been provided by the Board of Trustees. This is subject to the restrictions which will remain attached to Restricted Funds (Revenue and Capital) and their use. The movement of funds from restricted to unrestricted must be subject to obtaining appropriate consent from the original donor of the funds.

The board of trustees must:

- ensure that financial plans are prepared and monitored satisfying itself that the trust remains a going concern and financially sustainable.
- take a longer term view of the trust's financial plans consistent with the requirement to submit the year budget forecast's to the ESFA.
- Set a policy for holding reserves and explain in its annual report, including a clear plan for managing reserves.

The target for the Trust reserves is a minimum of 5%



## Section 1 Powers and Duties Reserved for the Board of Trustees

The Board of Trustees of the Academy has wide responsibilities under statute, regulations and the Funding

Agreement. It is specifically responsible for ensuring that the Trust's funds are used only in accordance with the law, the board's powers under the Funding Agreement, Articles of Association and the Academies Trust Handbook (formally known as the Academies Financial Handbook). The Trustees shall be responsible for:

- Ensuring they are aware of their statutory duties as Company Directors as set out in sections 170 to 177 of the Companies Act 2006.
- Approval of a written scheme of delegation of the financial powers and duties delegated to the Resources Committee, Audit Committee, CEO, Chief Finance Officer, Head Teacher and other staff. The scheme must satisfy the Trustee's ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within the Academy.
- Ensuring value for money through economy, efficiency and effectiveness over its use of the Trust's funds.
- Appointing a CEO who will act as an ex-officio Trustee.
- Appointing the CEO as the Academy Trust's Accounting Officer.
- Appointing a suitably qualified Chief Finance Officer.
- Approval of the Financial Scheme of Delegation.
- Formally approving a budget within the timescales required by the ESFA.
- To prepare the Trustees Report and approve the Financial Statements to form part of the annual report of the School Board in accordance with the Year End Accounts Direction for filing in accordance with the Companies Act and Charity Commission requirements.
- Receiving the reports of the external auditor in liaison with the Finance/Audit Committee.
- Receiving the reports of the Accounting Officer on the use of resources, systems of internal financial control, and discharge of financial responsibilities in liaison with the Finance/Audit Committee.
- Reviewing the reports of the Audit and Risk Committee and Accounting Officer on the effectiveness of the financial procedures and control and recommending improved processes where appropriate.
- To accept each Academy's annual and three year budget at the start of each financial year.
- Considering consolidated management account reports at least six times a year.

## **Section 2 Financial Powers and Duties Delegated to the Finance Committee**

The committee is independent and advisory and reports to the Trustees. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.

The Finance Committee shall be responsible for:

- Approval of the Trust's financial policies.
- Considering budgetary control reports from the School Boards, with relevant explanations and documentation where required.
- Authority to seek professional advice for contracts in excess of UK Procurements and the subsequent authorisation of such contracts.
- Authorisation of the write off of debts and losses within the limits authorised by the ESFA as detailed in the Academies Trust Handbook sections 5.18 – 5.21
- Authorisation of the disposal of fixed assets owned by the Academy as detailed in the Academies Trust Handbook sections 5.22 – 5.23.
- Authorisation of staff severance and compensation payments within the limits detailed in the Academies Trust Handbook sections 5.7 – 5.17.
- Ensuring that professional advice is sought where appropriate, in relation to complex financial transactions.
- Approval of the appointment of external auditors and issue of the formal letter of engagement.
- Reviewing the draft financial statements prior to audit and approval of the audited financial statements prior to submission to the ESFA by 31 December.
- Informing the ESFA if it suspects any irregularity affecting resources.
- To scrutinise, consider and recommend each Academy's annual and three year budget at the start of each financial year.
- To develop, review and recommend relevant financial and accounting policies in accordance with Financial Regulations (see section 9 Powers and Duties to the Finance Officer).
- Reviewing the draft financial statements and highlighting any significant issues to the Trustees, prior to their approval and submission to the ESFA.
- Ensuring all financial documents and information required to be published on the school websites are up to date and available in appropriate formats.
- To ensure that the Trust completes all financial returns required by the ESFA in accordance with the published guidance and deadlines.

### **Risk Management and Internal Audit**

- Gaining assurance that the Academy's Risk Management, control and governance arrangements are adequate and effective.

- Monitoring, implementation and maintenance of the Academy's Risk Management Plan.
- Reviewing the effectiveness of the institution's systems of internal control and advising the Trustees accordingly.

### **Internal Audit**

- Considering and advising the Trustees on the appointment and terms of engagement of the internal audit/responsible officer service.
- Considering and advising the Trustees on the internal audit services/responsible officer audit risk assessment strategy.
- Considering the major findings of internal audit/responsible officer investigations and management responses.
- Promoting and securing appropriate co-ordination between the internal audit/responsible officer and external auditors.
- Advising the Trustees on the Internal Audit/Responsible Officer Plan and progress against it.
- Monitoring the implementation of audit-based recommendations.
- Advising the Trustees on whether it should approve the internal audit/responsible officer report.
- Establishing and monitoring appropriate performance indicators to measure the effectiveness of the work of the internal audit service/responsible officer and advising the Trustees accordingly.
- Considering the adequacy of resources for the internal audit service/responsible officer.

### **External Audit**

- Advising the Members on the appointment of the external auditors.
- Monitoring the effectiveness and performance of the external auditors through appropriate performance indicators.
- Reviewing the nature and scope of the external audit strategy and plan.
- Reviewing the annual external audit management letter and the financial statements.
- Securing appropriate liaison between external and the internal audit service/responsible officer.

### **Value for Money**

- Ensuring satisfactory arrangements are in place to promote the economical, efficient and effective management of all the Academy's resources.

### **Reporting**

- The Finance committee will report to the Trustees after each meeting. A copy of the audit committee minutes would normally suffice.

- The audit committee will prepare an annual report for the Trustees covering the financial year. It should detail any significant events up to the date of preparation of the report and include the committee's opinion on the adequacy and effectiveness of the institutions arrangements for:

- i. Risk management, control and governance
- ii. Economy efficiency and effectiveness.

### **Section 3 Powers and Duties Delegated to the CEO (Accounting Officer)**

The CEO has delegated powers and functions in respect of internal organisation, management and control of the Academy, the implementation of all policies approved by the Trustees and for the direction of teaching and the curriculum. The Accounting Officer is personally responsible to Parliament, and to the Accounting Officer in the ESFA, for the resources under their control, and must be able to assure Parliament and the public of high standards of probity in the management of public funds.

The CEO shall be responsible for:

- Assuring the Board that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law. (This responsibility cannot be delegated)
- Achieving value for money to deliver the best possible educational and wider societal outcomes of all the resources in the Trust's charge.
- Ensuring the maintenance of proper financial records and accounts and for the management of opportunities and risks.
- Advising the Board in writing if, at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the Handbook or Funding Agreement.
- Advising the Board in writing if the Board appears to be failing to act where required to do so by the terms or conditions of the Handbook or Funding Agreement.
- Advising the ESFA's Accounting Officer in writing, if despite providing advice the Board is minded to proceed, the accounting officer still considers that any action proposed by the board to be in breach of the Handbook or ESFA.
- Completing the accounting officer's annual statement for inclusion into the Academy Trust's Annual Report, in the format specified within the ESFA's Accounts Direction.
- Ensuring that the Academy Trust's final budget is submitted to the ESFA, in the format specified, by the required deadline.
- Ensuring that persons signing for other contracting parties in tendering negotiations have authority to bind it. This may be delegated to the CFO
- Ensuring the Academy Trust has adequate insurance cover including building, contents, business continuity, employers and public liability and any cover required for motor vehicles. This may be delegated to the CFO
- Ensuring the arrangements for collection of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations. This may be delegated to the CFO

Ensure the compliance of the summary of financial authorisation levels contained at section 10 of this document. This may be delegated to the CFO

- Ensuring that all contracts and agreements conform to the Financial Regulations. This may be delegated to the CFO
- Ensure new staff appointments within the authorised establishment and approved by the Head Teacher.
- Ensuring that the checking of the monthly payroll reports and certifying the payment of salaries each month is carried out by the Finance Officer.
- Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc. under his control.

## **Section 6 Powers and Duties Delegated to the Chief Finance Officer)**

The Chief Finance Officer shall be responsible for:

- Delivery of the Trust's detailed accounting processes.
- Providing technical advice in relation to the financial aspects of the Academy Trust.
- The maintenance of an up to date Register of Business Interests for all Trustees, Local School Board members and Academy staff with financial responsibilities.
- Providing a point of liaison with the Academy Trust's auditors to assist with the preparation of the annual financial statements.
- Providing a point of liaison to assist the Accounting Officer and external auditor in their work.
- Providing technical advice in relation to the financial aspects of the Academy Trust.
- Preparing an annual draft budget plan in liaison with the CEO and Finance Officer for consideration by the Trust Board before the start of the relevant financial year.
- Providing a point of liaison to assist the Accounting Officer and Internal Auditor in their work.
- Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.
- Maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act and General Data Protection Regulations.
- Preparation of timely monthly consolidated management account reports for the Trust Board.
  - Ensure that a permanent and continuous register of all items of furniture, equipment, vehicles and plant is maintained.
- Ensuring that all financial records and documents, including quotes obtained for goods, works and services are retained securely for the required retention periods.
- Selection, planning and oversight of any capital projects.

- Checking of the monthly payroll reports and certifying the payment of salaries each month, in conjunction with the Finance Officer.
  - Certifying the payroll BACs authorisation form for payment at each ensure that best value is achieved and review contracts to ensure best value is achieved.
  - Ensuring all banking processes are followed and security is maintained.
  - Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties in line with the approved Scheme of Delegation.
  - Preparing an annual draft budget plan in liaison with the CEO, Chief Finance Officer for consideration by the Trustees before the start of the relevant financial year.
  - Preparation of timely monthly budget monitoring reports, cash flow forecasts and budget forecasts as appropriate.
  - Monthly monitoring of expenditure and income against the approved budget.
  - Submission of budget reports on the Academy's financial position to every meeting of the School Board. Any actual or potential overspending shall be reported to the School Board and Chief Finance Officer.
  - Ensuring that all correct invoices are duly certified by authorised staff before payments are made and that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.
  - Ensuring that cash is managed appropriately, bank accounts do not go overdrawn and bank and control accounts are reconciled monthly.
  - Providing termly cost centre reports to appointed budget holders.
  - Notifying the Finance and Estates Committee on any eventuality that could affect the Academy's insurance arrangements.
  - Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.
- Ensuring that all financial records and documents, including quotes obtained for goods, works and services are retained securely for the required retention periods.
- Reviewing income and expenditure reports on a monthly basis and highlighting actual or potential overspending to the School Board and Chief Finance Officer.

## **Section 7 Powers and Duties Delegated to Other Staff**

Members of staff with delegated responsibilities should be aware that these must be exercised in accordance with Financial Regulations.

The following responsibilities are delegated to other staff in addition to the CEO, Chief Finance Officer and Finance Officer:

- Budget Holders have responsibility to monitor budgets delegated to them for their control. It is the responsibility of the Finance Officer to provide budget holders with a print out of how much is remaining in their budget at the beginning of each term.
- The following members of staff, in addition to the CEO are authorised to open tenders in the presence of another authorised person:
  - o Finance Officer
- The following members of staff are authorised to receive and check goods:
  - o Budget Holders
- Administrators nominated by the Budget Holder

A temporary Scheme of Delegation may be put in place during holiday periods authorising named members of staff to act on behalf of the CEO should they not be contactable and an emergency arises. The Chair of Trustees will be notified.

## Section 8 Summary of Financial Authorisation Levels

In all transactions, irrespective of whether the Secretary of State’s approval is required, Walkwood Church of England Middle School will obtain relevant professional advice where appropriate including that of the external auditor where necessary.

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services	Up to £3,000 (single transaction)	Head Teacher	Select one supplier and place order
	£5,001 to UK Threshold	CEO and Board of Trustees	Minimum of three quotes and formal written official order or its equivalent for the accepted quote.
	Above EU Tendering Thresholds: <ul style="list-style-type: none"> <li>• £213,477 Supplies and Services</li> <li>• £5,336,937 (Jan 2022)</li> </ul>	Board of Trustees	Professional advice to be sought

Signatories for ESFA grant claims and ESFA returns	Any	CEO (in capacity as Accounting officer); or as required by the ESFA	
Virement of budget provision between budget heads	Up to £10,000	Head Teacher	
	Over £10,000 but within in-year funding	CEO (HT if between staffing budgets only)	
	Beyond in-year funding	Finance and Estates Committee	
Acquisition and disposal of fixed assets	Acquiring a freehold on land or building Disposing of freehold on land or buildings Disposal of any other fixed asset up to £5,000 Disposal of any other fixed asset over £5,000 and up to £50,00	Secretary of State, via ESFA  Secretary of State, via ESFA  CEO  Board of Trustees	Principles of best value must apply. Separate disclosure is required in the annual accounts for all transactions exceeding £5,000
Leasing	Taking up a finance lease on any class of asset for any duration from another party. Taking up a leasehold tenancy agreement on land or building from another party for a least term of more than five years Granting a leasehold or tenancy agreement on land or buildings to another party for a least term of more than five years.	Secretary of State, via ESFA	Principles of regularity, propriety and value for money must apply. Separate disclosure is required in the annual accounts for all transactions exceeding £5,000



	Operating leases on assets that are not land or buildings.	In line with 'Ordering Goods and Services' delegations above.	
Writing-off bad debts and losses and entering into guarantees, indemnities or letters of comfort	<p>All Debts</p> <p>Between £10,000 and 1% of total income or £45,000 (whichever is smaller) per single transaction up to a maximum of £250,000;</p> <p>Cumulatively, 2.5% of total annual income in any one financial year per category of transaction if the Trust has not submitted timely unqualified financial returns for the previous financial years, up to a maximum of £250,000.</p> <p>Cumulatively, 5% of total annual income in any one financial year per category of transaction providing the Trust has submitted timely unqualified financial returns for the previous financial years, up to a maximum of £250,000.</p> <p>Beyond these limits</p>	<p>CEO and Finance Committee</p> <p>Board of Trustees</p> <p>Board of Trustees</p> <p>Board of Trustees</p> <p>Secretary of State via the ESFA</p>	<p>The amounts for write-offs are before any successful claims from an insurer. Total annual income is defined as grant income as disclosed in the Trust's last set of audited accounts. The categories of transactions are defined as (a) write off of debts and losses, and (b) guarantees indemnities and letters of comfort.</p> <p>Separate disclosure is required in the annual accounts for all transactions exceeding £5,000.</p>
Payroll Report Monthly Check	Full check of individuals on report	Finance Officer	Payroll report checked to establish validity of payroll payments to staff

Payroll authorisation	Full Monthly Payroll Charge	CFO/CEO	
Staff severance and compensation payments	Where non-statutory /non-contractual element is under £50,000  Beyond this limit	Board of Trustees  HM Treasury via the ESFA	Separate disclosure is required in the annual accounts for all transactions exceeding £5,000  Need to Refer to the ESFA  Refer to Trust Handbook for guidance.
Any form of borrowing	Any Amount	Secretary of State, via ESFA	
Any irregular or improper transactions	Any amount	ESFA or HM Treasury dependent on the nature of the transaction.	
Related party transactions	Contracts exceeding £40,000 (total in any one financial year)	ESFA	Trustees must obtain prior approval, using the ESFA online form on or after April 2019

## Appendix 2

### Charge Card Card Holder Employee Agreement

School Name

Name of Card Holder

Card Number

A Charge Card has been given to the above person from the above named Academy. The card holder agrees to comply with the following terms and conditions regarding use of the card.

#### **Agreement by Employee:**

- I have received and understand that I am being entrusted with a Charge Card and will be making financial commitment on behalf of the Academy.
- I understand that the Academy is liable to the card provider for all the charges made on the card.
- I will comply with Financial Regulations and the Academy's purchasing policy.
- I agree to use this card for the Academy's business purchases only and agree not to undertake any personal or private purchases for my own or others benefit. I understand that the CEO or Trust will audit the use of this card and take appropriate action on any discrepancies.
- I will act appropriately to ensure the safety of the card and its PIN number.
- I agree to return the card immediately upon request or upon notice of termination of employment. The card will then be destroyed in my presence by the Finance Officer.
- If the card is lost or stolen I agree to inform Lloyds Bank immediately by telephone and the Chief Finance Officer as soon as possible thereafter. I will complete the lost/stolen report as soon as possible.

Cardholder's Signature Date:

Chief Finance Officer Signature Date:

One copy to be retained by the Academy and a copy passed to the card holder