



Financial Regulations Policy

Harborne Academy Trust

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Academy Trust Funding Agreement	August 2010
Academies Financial Handbook	2016 (updated March 2017)
Academies Accounts Direction	2015-2016
Capital Revenue & Reserves Policy	2017
Donations Policy & Procedures	2017

This document sets out the regulations for the Academy Trust

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Introduction

1. The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).
2. The Academy Trust must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the Academy's accounting procedures and system manual should be read by all staff involved with financial systems.
3. This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

Financial Planning

4. The Academy Trust prepares rolling 3-5 year budgets.

The budget cycle

5. The budget cycle is as follows:
 - Autumn term (Sept – Dec)
 - Implementation of current budget plan
 - Monitoring expenditure (continuous-monthly)
 - Reconciliation and closure of previous financial year
 - Spring term (Jan – Mar)
 - Monitoring and Reviewing of year's budget
 - Revised Budget where appropriate
 - Pre-planning new financial year
 - Summer term (Apr – Aug)
 - Planning for forthcoming year
 - Consideration of 3 year plan
 - Preparation and submission of financial budget plan
 - Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget

6. The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher, the Finance and Resources Committee and the Governing Body.
7. The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

8. The budgetary planning process will incorporate the following elements:
 - forecasts of the likely number of pupils to estimate the amount of General Annual Grant
 - latest estimate of other ESFA funding e.g. pupil premium, Yr7 Catch-Up or other specific funds
 - review of other income sources available to the academy to assess likely level of receipts
 - review of past performance against budgets to promote an understanding of the academy cost
 - identification of potential efficiency savings
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
 - all carry forward balances
 - any unspent grants from the previous financial year
 - any funds held in Trust
9. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan
10. If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Finance and Resources Committee as part of the monthly management accounts procedure.
11. The approved budget is then entered onto the finance system at the start of the new financial year.

Other Government Funding

12. In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.
13. The Business Manager is responsible for recording income and expenditure for each grant, providing reconciliation within the monthly management accounts.

Other Grants and specific funding

14. In addition to the GAG funding from the ESFA the Academy and other government funding, the Academy may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Governing Body/Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
15. The Business Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

Funds held in Trust

16. Where funds are held in trust the Business Manager is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

17. Substantial virements shall be approved and minuted by the Finance and Resources Committee and should be within the agreed criteria and financial limits.
18. Where the amount is less than £20,000, the Head Teacher has delegated power to vire from one budget to another and shall report such virements to the Finance and Resources Committee.
19. Where the amount exceeds £20,000 but is less than £50,000, the Head Teacher must obtain the prior approval for such virement from the Finance and Resources Committee.
20. All virements exceeding £50,000 shall require prior approval from the Governing Body.

Revised Budget

21. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer and Business Manager and reports forwarded to the Governing Body. The Governing Body. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Finance and Resources Committee and/or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Governing Body. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

22. The ESFA requires two Budget Forecast Returns to be completed by each Academy Trust during the financial year. The first return the Budget Forecast Return: Out-turn is used to support the Public Expenditure Statistical Analyses as well as to provide an updated forecast of expenditure for the current academic year. This return must be completed and submitted to the ESFA in May of each year.
23. The second return, the Budget Forecast Return (BFR), will support the main public expenditure forecasting activities that occur in the autumn. Its focus will be on the projected financial position of Academy Trusts up to August in the following year. This return must be completed and submitted to ESFA by 31 July each year
24. The Business Manager is responsible for preparing, completing and submitting both returns within the deadlines set. The Head Teacher is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and review (including management accounts)

25. Monthly reports are prepared by the Business Manager. The reports include:
 - actual income and expenditure against budget (shown as month to date and cumulatively)
 - balance sheet
 - cash flow forecast
 - one page summary highlight and explaining variances of at least 5% or £10,000 (whichever is smaller)
26. Any potential overspend against the budget must in the first instance be discussed with the Head Teacher.
27. The monthly reports are sent to the accounting officer, Finance and Resources Committee and the chair of the Governing Body.

Independent checking procedures

Audit Committee

28. The Governing Body has established an Audit Committee in accordance with the provisions of Article 6 of the Articles of Association to advise them on matters relating to the Governing Body's 's audit arrangements and systems of internal control. This Committee will be subject to the provisions of the Standing Orders of the Governing Body and shall operate in accordance with any requirements of the ESFA and any other national funding bodies. It is responsible to the Governing Body and its Terms of Reference are set out in Appendix C.
29. The duties of the committee includes:
 - responsibility for monitoring the adequacy and effectiveness of the Academy's systems of internal control (including review of the statement of internal control) and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money);
 - advising the Governing Body on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor and the internal audit service;
 - advising the Governing Body on the scope and objectives of the work of the internal audit service and the financial statements auditor;
 - ensuring effective co-ordination between the internal audit service and the financial statements auditor;
 - considering and advising the Governing Body on the audit strategy and annual internal audit plans for the internal audit service;
 - advising the Governing Body on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor, and management's responses to these;
 - monitoring, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the financial statements auditor's management letter;
 - considering and advising Governing Body on relevant reports by the National Audit Office, the ESFA (including those from the local provider financial assurance teams) and other funding bodies and, where appropriate, management's response to these;
 - establishing, in conjunction with Academy management, relevant annual performance measures and indicators and monitoring the effectiveness of the internal audit service and financial statements auditor through these measures and indicators and deciding, based on this review, whether a competition for price and quality of the audit service is appropriate;
 - monitoring the Academy's risk management plan and advising the Governing Body on its

- adequacy and effectiveness;
- producing an annual report for the Governing Body and accounting officer which should include the Committee's advice on the effectiveness of the Academy's risk management, control and governance processes and any significant matters arising from the work of the internal audit service and the financial statements auditor;
- monitoring and advising the Governing Body on any alleged fraud and irregularity in the Academy's financial and other control systems and ensuring that all allegations of fraud and irregularity are properly followed up;
- being informed of all additional services undertaken by the internal audit service and the financial statements auditors;
- recommending the annual financial statements to the Governing Body for approval;
- monitoring the effectiveness of the Academy's whistleblowing procedures meeting privately with the Internal and External Auditors, and separately with the Business Manager at least once a year.

Accounting Officer

30. The Head Teacher has been appointed as the Academy's Accounting Officer and is responsible for:

a) Regularity

- this means dealing with all items of income and expenditure in accordance with legislation and any applicable delegated authority;
- spending public money only for the purposes intended;

b) Propriety

- operating appropriate standards of conduct, behaviour and corporate governance including fairness, integrity, avoidance of personal profit from public business (avoidance of conflict of interest), even-handedness and open competition;
- the honest handling of public money;

c) Value for Money

- efficient and effective use of available resources;
- avoidance of waste and extravagance;
- prudent and economical administration of the financial affairs of the Academy including the day to day organisation, staffing and management of the Academy

31. The Accounting Officer has a duty to take appropriate action if the Governing Body, or Chairman, is contemplating a course of action which he or she considers would infringe the requirements of propriety or regularity (including the provisions of the Funding Agreement, the Academy's Development Plan, or other documents setting out the financial duties of the Governing Body or of any other rules governing the conduct of the body), or would not represent prudent or economic administration, or the efficient discharge of the Governing Body's functions.

32. In the event of such circumstances the Accounting Officer is required to put his or her objections in writing, without delay, to the Governing Body and to advise them of the requirement to inform the DFE Accounting Officer (the Permanent Secretary), the

Review of Regularity

33. The Head Teacher in their role as Accounting Officer reviews the following documents monthly to ensure the Academy Trust is working within the boundaries of regularity and propriety:
- reviews management accounts
 - reviews compliance against the scheme of delegation
 - reviews transactions for evidence of connected party transactions
 - value for money practice
34. The Accounting Officer has delegated the following responsibilities to the Business Manager:
- adherence to tendering policies
 - review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
 - review of trustees/the Governing Body' minutes
35. A checklist is completed for each review undertaken.
36. Arrangements will be made for an independent peer review to be carried out on an annual basis.

Annual Accounts

37. The Academy Trust must prepare annual audited financial statements for the accounting period to 31 August of each year.
38. The accounts are outsourced to our auditors for preparation.
39. The accounts are then submitted as follows:
- by 31 December – to ESFA
 - by 31 January – published on our own website
 - by 31 May – to Companies House

Value for money statement

40. As part of the annual accounts the trust must include 3 focussed examples of value for money.
41. The Business Manager is responsible for collating the examples which are then confirmed by the Finance & Resources Committee.

Audit arrangements

42. Academy Trusts are required by law to produce audited accounts and so therefore the Governing Body (or the board of trustees as company directors, to the extent

permitted under the Companies Act) must appoint statutory auditors who are registered under the requirements of the Companies Act, to conduct an audit (which is in compliance with requirements of the Companies Act) and certify whether the accounts are “true and fair”.

43. The contract for the audit must be in writing. This must take the form of an engagement letter. The letter of engagement must cover the external audit. If additional services are to be purchased, a separate letter of engagement must be obtained which must specify the precise requirements of the work and fees to be charged.
44. Proposals to remove auditors must require a majority vote of the members. If the auditors resign, there must be a requirement for them to state their reasons.
45. The Governing Body must notify the ESFA immediately of the removal or resignation of the auditors. In the case of removal, the Governing Body must notify the ESFA of the reasons for removal. In the case of resignation, auditors must copy to the ESFA a statement of their reasons.
46. The Trust must use Edubase to notify the Department for Education of the appointment and vacating of the positions of Trustee, Chair of Trustees, Accounting Officer and Chief Financial Officer.
47. The Business Manager is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Work undertaken during accounting period

48. The Business Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
 - reviewing the structure of the trial balance
 - maintaining a fixed asset register
 - monthly depreciation charges
 - maintaining income and expenditure records (including filing of invoices)
 - reviewing aged debtors for any provisions required
 - obtain from the Company Secretary a record of the Governing Body/trustees interests, related and connected party transactions
 - control account reconciliations (bank, wages, debtors, creditors)
 - obtain from the Company Secretary a record of meeting attendance
 - Monitoring & reporting to the Accounting Officer and the Governing Body/trustees

Work undertaken for the year end

49. The Business Manager is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
 - stock take and including of year end stock value
 - general accruals and prepayments

- prepayments for IT licenses
- prepayments or accruals for grant income
- control account reconciliations (bank, salary, debtors, creditors)
- close down of the purchase ledgers
- close down of the Sales ledgers and aged debtors
- pension valuations
- Pension Audit

Accounts Return

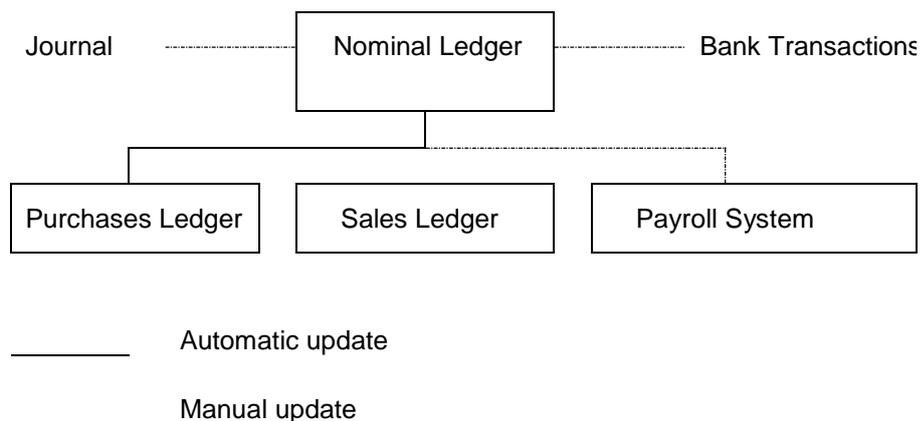
50. The Academy Trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.
51. The accounts return is outsourced to our auditors for preparation.

Document Retention

52. Documents are retained for the following amount of time:
- Finance records – current year plus preceding 6 years
 - Supply cover insurance – current year plus preceding 6 years
 - Payroll and travel records – current year plus preceding 6 years
 - Personnel records – 7 years after an employee has left
 - All student files from the student’s date of birth plus 25 years

Accounting System

53. All the financial transactions of the Academy Trust must be recorded into DREAM, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



System Access

54. Access to the system is password restricted to the Business Manager, Finance Assistant, IT Manager and others have been authorised by the Accounting Officer e.g. external accounting

providers.

55. When passwords are changed the new password should be placed in a sealed envelope and passed to Finance Assistant to keep in the safe. The IT Manager is responsible for implementing a system which ensures that passwords are changed regularly.

Back-up Procedures

56. The IT Manager is responsible for ensuring that there are effective back up procedures for the system. Data is backed up on a suitable medium or server and the copies stored in a secure place (in a fireproof container). Back-up copies are taken on at least a daily basis.
57. A hard copy of the nominal ledger and audit trail are printed each month and stored separately from the accounting system in a fireproof container.
58. The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data. Copies are held in the fire proof container.

Transaction processing

59. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
60. All journal entries are documented on the journal form, retained in the journal file and authorised by the Head Teacher and Business Manager, prior to being input to the accounting system.
61. Bank transactions are input by the Business Manager after being reviewed and authorised by the Head Teacher.

Transaction reports

62. The Business Manager reviews the following system reports to ensure that only regular transactions are posted to the accounting system:
 - the weekly audit trail reports;
 - master file amendment reports for the payroll, purchase ledger and sales ledger;
 - management accounts summarising expenditure and income against budget at budget holder level

Reconciliations

63. The Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
 - sales ledger control account
 - purchase ledger control account
 - payroll control account
 - VAT control account
 - all suspense accounts
 - bank balance per the nominal ledger to the bank statement
64. The Head Teacher signs all reconciliations as evidence of review.

65. Any unusual or long outstanding reconciling items are brought to the attention of Head Teacher/Chair of Finance and Resources Committee and dealt with according to the bad debt limits in this manual.

Cash Management

Bank Accounts

66. The following procedures must be followed when opening a bank account and operating it:
- the trust is responsible for selecting the banking institution and negotiating the terms and conditions
 - the governing body must authorise the opening of all bank accounts
 - the Academy will ensure that in the event of changes to key personnel or the Governing Body/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
 - terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
 - the trust must inform the bank, in writing, that their accounts must not become overdrawn
 - the trust must ensure there are sufficient funds to cover large payments

Deposits

67. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit
 - a reference (for example the number of the receipt or the name of the debtor)
68. The Business Manager is responsible for updating the accounting system (within 2 working days) for deposits placed.

Payments and withdrawals

69. All cheques and other instruments authorising withdrawal from academy bank accounts must have been submitted and authorised by two of the following authorised signatories:
- Head Teacher
 - Business Manager
 - Deputy Head Teacher
 - Chair of Finance and Resources Committee
 - Chair of the Governing Body/Trustees
70. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust. .
71. The Business Manager is responsible for updating the accounting system (within 2 working days) for deposits placed.

Administration

72. The Head Teacher ensures bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's cash book
- reconciliations are prepared by the Business Manager
- reconciliations are subject to an independent monthly review carried out by the Deputy Head Teacher or in his/her absence the Company Secretary
- adjustments arising are dealt with promptly

Petty Cash

73. The Academy Trust maintains a maximum cash balance of £500 for the purchase of minor items, which is held in the office safe and is the responsibility of the Finance Assistant.
74. The petty cash float must not be used for:
- cashing personal cheques
 - paying staff loans

Payments

75. In the interests of security, petty cash payments are limited to £50. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

Administration

76. The petty cash float is maintained on the imprest system and the float is only reimbursed from the main bank account.
77. The petty cash float is reconciled monthly by Business Manager. The reconciliation is then reviewed by Head Teacher and initialled as evidence of review.
78. The Head Teacher carries out a spot check of the petty cash float once a term.

E-procurement & Payments

79. The Academy has a Credit Card Account with Barclays Bank. There are two cards held in the Finance Office safe, one is in the name of Jessie Elbaz which has a credit limit of £2,500 and the other is in the name of Ian W Harper which also has a credit limit of £2,500. The cards are only used when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meetings etc.
80. The cards are kept in the safe and currently are only used by:
- **Jessie Elbaz, Head Teacher**
 - **Ian W Harper, Business Manager**
 - **Aarti Jain, Finance Assistant**
81. Any department wishing to make a purchase on credit card must complete a Credit Card Payment Request Form, have it authorised by the relevant Budget Holder and then pass this to the Finance Assistant to make the purchase.
82. When the credit card bill arrives, there will be a signed Credit Card Payment Request form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes

necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.

83. The credit card bill, along with all the relevant order forms are then given to the Business Manager who will check the statement and sign an authorisation sheet. The Head Teacher will then check a sample of the transactions (minimum of 3 or 20% whichever is the maximum), and sign the authorisation sheet. These are then filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

BACS Payments

84. On receipt of an invoice, the budget holder signs the invoice, to signify:
- an official purchase order has been raised for the purchase
 - the delivery note has been checked
 - the delivery is of correct quantity, quality and price
 - it has not been previously paid
 - funds are available in the relevant budget
 - VAT chargeability on qualifying expenditure is shown
85. The payment is then prepared and the BACS payment then passes it on to two of the bank signatories who check in ensure that the bank and sort codes have been correctly entered and approves payment.
86. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.
87. The Finance Assistant ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

Investments

88. The Academy's Articles gives Trustees the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects."
89. Whilst the Governing Body has responsibility for the Trust's finances, the Scheme of Delegation approved by the Governing Body delegates responsibility to the Finance and Resources Committee:
- "To approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis."
90. The Business Manager is responsible for producing reliable cash flow forecasts as a basis for decision making. He or she is responsible for making investment decisions that comply with this Policy and for providing sufficient management information to the Finance and Resources Committee so it can review and monitor investment performance.
91. The investment objectives are:

- to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
 - Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn.
 - By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.
92. Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Business Manager. The cash flow forecasts will take account of the annual budget and spending plans approved by the Governing Body and updated on a monthly basis.
93. A sufficient balance must be held in the current account so that the Academy's financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.
94. Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Academy.
95. The Academy has authorized signatories, two of which are required to sign instructions to the deposit taking institution.
96. The Business Manager will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance and Resources Committee at appropriate intervals, depending on the terms of the investments. For example if investments are held one year then an annual report is appropriate.
97. This Investment Policy has been approved by the Finance and Resources Committee. It will be reviewed by the Finance and Resources Committee on an annual basis to ensure continuing appropriateness.
98. Investments are made in accordance with written procedures approved by the Governing Body.
99. All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Reserves

100. Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk generated by, for example;
- income reduction due to Government funding changes
 - unexpected falls in student numbers
 - cash flow issues due to delays in receipt of funding
 - emergencies

101. In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the Academy's primary objective is preserved. At the same time, the Academy wish to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision
102. The Governing Body will monitor levels of reserves in financial reports provided by the Business Manager and in the annual financial statement prepared by the Auditor. The Governing Body will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves The Governing Body will take into account the following:
- one month salary bill .
 - the Academy'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, including the level of transitional protection within the school funding and its expiry date
 - anticipated funding over the next three years.
103. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
104. The Head Teacher as Accounting Officer must inform ESFA immediately if a deficit is anticipated.
105. If the Academy Trust is anticipating a deficit at the end of any financial year, the governing body and Head Teacher have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the ESFA.
106. If the Academy Trust has a surplus larger than 12% of its GAG allocation, the Governing Body through the Accounting Officer will need to submit a detailed plan stating why the Academy Trust requires reserves to be held at this level together with a plan for the date of expenditure

Capital Reserves

107. Any overall surpluses at the end of the year are carried over to the following year.
108. It is the responsibility of Business Manager to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Payroll

Staff Appointments

109. The Governing Body has approved a personnel establishment for the Academy Trust (as set out in the Annual Budget). Changes can only be made to this establishment with the express approval in the first instance of the Finance and Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.
110. The Head Teacher has authority to appoint staff within the authorised establishment except for **the**

Deputy Head Teacher whose appointment must follow consultation with the Governing Body/Trustees. The HR Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the HR Manager immediately.

111. The Executive Support Assistant is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

Payroll Administration

112. Payroll is administered through the Academy Trust's payroll provider.
113. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:
- salary
 - bank account details
 - taxation status
 - personal details
 - any deductions or allowances payable
 - other legal and relevant details
114. New master files can only be created by the HR Manager with the express approval of the Head Teacher. Any master file amendments made by the HR Manager must be evidenced by completion of the relevant form prior to the payroll run and must be authorised by the Head Teacher.
115. The HR Manager maintains a record of staff sickness and other absences on the Academy's MIS and Payroll systems.
116. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the relevant Line Manager, prepared by the HR Manager and signed off by the Head Teacher.
117. At the start of each financial year the HR Manager will prepare and distribute a timetable for payroll processing specifying key dates for the year in question.

Payments

118. Before payments are dispatched a printout/electronic report of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation, reviewed and initialled by the Business Manager. Authority to release payment will be by the Head Teacher.
119. All salary payments are made by BACS.
120. The Payroll Provider prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed and signed by the Business Manager.
121. The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and BACS payments for these

amounts are prepared by the Business Manager and authorised for payment by the Head Teacher by the due date.

122. The Business Manager selects at least three employees at random each month and checks the calculation of gross to net pay to ensure that the payroll system is operating correctly. The check is recorded and available for checking by the Deputy Head Teacher and reviewed by the Accounting Officer.
123. After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll controls account and to individual cost centres. The Business Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
124. Annually, the Business Manager checks each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the HR Manager's office.

Salary advances

125. The Trust does not award salary advances.

Overtime

126. Overtime is recorded by the individual, authorised by their Line Manager and submitted by 4th of each month to the HR Manager for checking and calculation. The Head Teacher authorises the claim forms and they are then submitted to the Payroll Provider for payment.
127. Claim forms must not be submitted prior to work having been undertaken.
128. No payments for work undertaken will be made other than via the payroll system.

Severance payments

129. The Academy Trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.
130. Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.
131. The Accounting Officer must sign off and review each business case.

Ex-gratia payments

132. Any ex-gratia payments must be submitted to ESFA for prior approval.

Income

ESFA grants

133. The main sources of income for the academy are the grants from the ESFAs. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants

due to the Academy are collected.

Other grants

134. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the Academy are collected.

Trips

135. A lead member of staff must be appointed for each trip to take responsibility for the organisation of the trip and the collection of any sums due. The lead teacher must liaise with the Finance Assistant to prepare a record for each student intending to go on the trip on the ParentPay system.
136. Parents will make payments using the ParentPay system. ParentPay will maintain a record of all income received and will issue receipts by email.
137. The Finance assistant will download a report on a weekly basis of all payments received and prepare the nominal ledger journal to be posted to the schools accounts.
138. The Finance Assistant will produce regular reports for each trip showing the payment history for each student and is responsible for chasing outstanding amounts with parents direct.
139. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Head Teacher in advance of the booking being made.

Lettings

140. The Finance Assistant is responsible for maintaining records of bookings of the Academy's facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
141. Details of organisations using the Academy's facilities will be held by the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.
142. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

Sundry income

143. ParentPay will be used to record all other sundry income from parents for such items as school uniform, sale of materials, music lessons and other miscellaneous items.
144. Income from other sources (for example educational consultancy) is priced in consultation with the Business Manager. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed Consultants Policy. The Business Manager approves all credit agreements.

Gift aid

145. To ensure the Academy Trust, in its position as an exempt charity, receives all the monies it is entitled to the Business Manager:
- reconciles income against records to confirm expected amounts have been received by the donor
 - ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

Bad debts

146. The Academy Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.
147. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Business Manager submits a report to the Head Teacher for approval of write off.
148. The following write off limits apply:
- Up to £150 – Accounting officer
 - £151 to £500 – Finance and Resources Committee
 - Over £500 – Full governing body and refer to Debt Collecting Agency

Purchasing

149. The Academy Trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:
- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy
 - Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs
 - Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

Routine Purchasing

150. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month. Budget holders will be able to monitor data relating to their own budget areas on a monthly basis via reports from the financial information system.
151. Routine purchases up to £2,500 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Department. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Business

Manager. Copies of all quotes must be attached to the order form.

E-procurement

152. Any department wishing to make a purchase on credit card must complete a Credit Card Payment Request Form have it authorised by the Budget Holder and then pass this to the Finance Assistant to arrange the purchase.
153. Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Business Manager.

Orders

154. All orders must be made, or confirmed, in writing using an official order form, stocks of which are held by the Finance Department or are available on the shared drive. Orders must bear the signature of the budget holder and must be forwarded to the Finance Department where the Finance Assistant will check to ensure adequate budgetary provision exists before placing the order.
155. Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Finance Department
156. The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
157. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Department should be notified. The Finance Department will keep a central record of all goods returned to suppliers.
158. All invoices should be sent to the Finance Department. All invoices will be stamped with the date of receipt and then registered onto the Financial Information System purchase ledger module. The Finance Department will stamp invoices with a grid against which the following can be evidenced by the budget holder authorising payment:
 - invoice arithmetically correct
 - invoice posted to purchase ledger
 - goods/ services received
 - goods/services as ordered
 - prices correct
 - invoice authorised for payment
 - invoice certified for payment
 - VAT treated correctly
159. The budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Department. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

160. If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
161. At the end of each week the Finance Assistant will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Business Manager.
162. The Finance Department will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.
163. BACS payments are input by the Business Manager and authorised on-line by one of the signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

Orders over £2,500 but less than £50,000

164. At least three written quotations should be obtained for all orders between £2,500 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

Orders over £50,000

165. All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £20,000 must be subject to formal tendering procedures.

Official Journal of the European Union

166. Purchases over the current £164,176 are to be dealt with in accordance with OJEU

Trading with related parties

167. Trading with related parties must be carried out in accordance with the Academies Financial Handbook and the ESFA's "Review of Related Party Transactions in Academies" (November 2014).
168. Related parties include:
 - parties with control over, or controlled by, the entity (eg parent and subsidiary companies);
 - parties having significant influence over the entity;
 - key management personnel of the entity, including any director, whether executive or otherwise;
 - close family members of any of the above; and
 - others subject to control or significant influence by any individual referred to above.
169. Where related party transactions have occurred, disclosure must be made and should include:
 - the names of the related parties;
 - a description of the relationship between the parties;
 - a description of the transaction(s);

- the amount involved;
 - the amounts due to or from related parties at the balance sheet date; and
 - any provisions for doubtful debts or amounts written off.
170. Related Party Transactions are required to be disclosed in the Academy's financial statements subject to independent audit by a registered auditor. The Academy Trust's auditors are also required to undertake a regularity review which covers the regularity of both expenditure and income.

Trading with connected parties

171. Trading with connected parties must be in line with the Academies Financial Handbook, specifically in relation to the following:
- at cost requirements
 - definition of "connected party"
 - the "effective date" i.e. 7 November 2013
 - the "de minimis" requirement (i.e. the aggregated amount above £2,500 on an annual basis)
 - Ethical requirements in terms of professional services

Goods and services for private use

172. No goods are ordered or services provided to include any elements of private use by the Governing Body and staff.

Forms of Tenders

173. There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.
- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with Business Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
 - **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
 - **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

174. Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

175. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

176. A tender brief must always be prepared and is reviewed by the Business Manager.

Invitation to Tender

177. If a restricted tender 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.

178. An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

Tender Acceptance Procedures

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

Tender Opening Procedures

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

- For contracts up to £25,000 - two of the Business Manager and the Head Teacher
- For contracts over £25,000 - the Head Teacher or the Business Manager plus a member of the Finance and Resources Committee

181. A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.

Tendering Procedures

182. The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
183. Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
184. Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance & Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance & Resources Committee.
185. The accepted tender should be the one that is economically most advantageous to the academy. All parties are then informed of the decision.

Insurance

186. The Business Manager reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for Academy Trust property when off the premises.
187. Budget holders must ensure all valuable are kept under lock and key when not being used in a supervised manner.
188. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

The Governing Body/Trustees Expenses

189. The Governing Body/Trustees of this Academy Trust are entitled to claim the actual costs, which they incur as follows:
 - childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
 - cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
 - the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
 - the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
 - travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source
 - telephone charges, photocopying, stationery, postage etc.
 - any other justifiable allowances
190. The Governing Body acknowledges that:
 - the Governing Body/Trustees are not to be paid attendance allowance

- the Governing Body/Trustees are not to be reimbursed for loss of earnings
191. The Governing Body/Trustees wishing to make claims under these arrangements, must complete a claims form from the Company Secretary together with the relevant receipts. The form must be submitted to the Finance Department within two weeks of the date when the costs were incurred, when they will be submitted for approval by the Chair of Governors or Chair of Finance & Resources Committee to be presented to the Finance & Resources Committee for final approval.
 192. Claims will be subject to independent audit and may be investigated by the Chair of Governors (or Chair of Finance & Resources in respect of the Chair of Governors) if they appear excessive or inconsistent.

Gifts

193. As a general guideline, business gifts and hospitality should not be accepted by any member of staff, except as provided for below.
194. The intention of the policy is to ensure that the Academy can demonstrate that no undue influence has been applied or could be said to have been applied by any supplier or anyone else dealing with the Academy. The Academy should be able to show that all decisions are reached on the basis of value for money and for no other reason. Any consideration of whether or not the principles of this Policy have been breached will be determined by reference to this provision
195. Any breach of this Policy could lead to disciplinary action and may constitute gross misconduct.
196. Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Academy by:
197. Maintaining an unimpeachable standard of honesty and integrity in all their business relationships.
198. Complying with the letter and spirit of the law, and contractual obligations, rejecting any business practice that might be deemed improper.
199. At all times in their business relationships acting to maintain the interests and good reputation of the Academy.
200. Any employee who becomes aware of a breach of policy must report this immediately to his or her manager who will instigate investigations as necessary.
201. Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Academy in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions for entry into the Register of Business Interests.
202. Employees are permitted to accept gifts, rewards or benefits from members of the public or organisations the Academy has official contacts with only where they are of negligible value (e.g. diaries, calendars) However any gifts or hospitality in excess of £25 are reported to the Accounting Officer in order to protect the individual receiving the gifts. This is particularly important where the person receiving the gift is a budget holder, can influence purchasing decisions or regularly

receives reimbursement from the school for items other than travel expenses. Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to effect a business decision.

203. Where purchased items include a “free gift”, such gifts should be either used for Academy business or handed to the Academy to be used at charity raffles etc.
204. In relation to conventional hospitality (lunches, outings, tickets for events etc.) provided that it is normal and reasonable in the circumstances they may be accepted. Such invitations should not be accepted where there is no reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.
205. Any hospitality other than of a nominal value (up to £15) or facilities provided during the normal course of business should be reported for an entry in the Register of Business Interests.
206. Gifts that have been reported are entered onto the gifts and hospitality register.

Energy Management

207. The Site Team ensures that the Academy’s heating system is operated and run as efficiently as possible.
208. The Business Manager ensures that the Academy is purchasing energy at the most competitive prices available.
209. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

Fraud

210. The Trust does not tolerate fraud. Where instances of fraud are found the Head Teacher will notify the ESFA.

Whistleblowing

211. Whistleblowing inside the work place is the term used to describe reporting by employees or ex-employees, of wrongdoing on the part of management, the Governing Body or by fellow employees. Wrongdoing may include for example, fraud, corruption, malpractice, breach of health and safety law, any other illegal or unethical act or breaches of the Academy Code of Conduct. Employees may, for this purpose include, for example, contractors and agency worker.
212. Under the Public Interest Disclosure Act 1998 a Whistleblower is protected from detriment and unfair dismissal. The Academy will support and not discriminate against concerned employees who apply the Whistleblowing procedure, provided any claim is made in good faith.
213. If an employee has concerns about wrongdoing at the Academy and feels that those concerns are sufficiently serious to require reporting, this procedure outlines what should be done.
214. Each individual member of staff should feel able to speak freely on such matters. However, the Academy and colleagues have the right to protect themselves against unfounded false or malicious accusations.

215. Whistleblowing should only be used when the party implementing the procedure (Representor) has reasonable grounds for believing that a serious offence has been or may be committed. It must never be used without good grounds, falsely or maliciously.
216. Whistleblowing is not appropriate for dealing with issues between an employee and the Academy which relate to the employee's own employment or rights or employment conditions generally. Alternative dispute resolution procedures for that purpose are outlined in the employment terms and conditions.
217. Whistleblowing is not appropriate for dealing with pupil complaints, which will be dealt with under separately published procedures.
218. Whistleblowing is not appropriate to specific cases of child safety or safeguarding which will be dealt with under the procedures specified in that connection. If any staff member has concerns that a pupil is being dealt with unfairly in school, they should raise their concern, in the first instance with the Head teacher or Child Protection Officer.
219. Any issue raised will be kept confidential while the procedure is being used.
220. The Representor (the person raising the concern) should raise their concern with their line manager. This may be done orally or in writing.
221. However, if the concern relates to the Representor's line manager or any person to whom he or she reports, other than the Head teacher, the Representor should raise the issue with the Head teacher;
222. If the concern relates to the Head teacher, the Representor should raise the matter with the Chair of the Governing Body.
223. The person with whom the matter is raised is referred to as the "Assessor".
224. The Assessor will:
- Interview the Representor as soon as possible within seven working days, in confidence. Early interview will be essential if the concern relates to an immediate danger to loss of life or serious injury or risk to pupils;
 - Obtain as much information as possible from the Representor about the grounds for the belief of wrongdoing;
 - Consult with the Representor about further steps which could be taken;
 - Advise the Representor of the appropriate route if the matter does not fall under this Procedure;
 - Other than in the case of paragraph 4.4, report all matters raised under this procedure to the Chair of the Governing Body.
225. At the interview with the Assessor, the Representor may be accompanied by a recognised trade union representative or a work colleague. The Assessor may be accompanied by a member of the Academy staff to take notes.
226. The Assessor may at any time disclose the matter to a professionally qualified lawyer for the purpose of taking legal advice. The Assessor may also discuss the issue, in confidence, to other suitable professionals, such as independent HR consultants or school governance providers in order to assess the nature of the case and to inform the outcome of the investigation.

227. Promptly within ten working days of the interview, the Assessor will recommend one or more of the following:
- the matter be further investigated internally by the Academy;
 - the matter be further investigated by external consultants appointed by the Academy;
 - the matter be reported to an external agency;
 - disciplinary proceedings be implemented against an employee;
 - the route for the Representor to pursue the matter if it does not fall within this procedure; or
 - that no further action is taken by the Academy.
228. The grounds on which no further action is taken include:
- the Assessor is satisfied that, on the balance of probabilities, there is no evidence that wrongdoing within the meaning of this procedure has occurred, is occurring or is likely to occur;
 - the Assessor is satisfied that the Representor is not acting in good faith;
 - the matter is already (or has been) the subject of proceedings under one of the Academy's other procedures or policies;
 - the matter concerned is already (or has been) the subject of legal proceedings, or has already been referred to an external agency.
229. The recommendation of the Assessor will be made to the Head Teacher. However, should it be alleged that the Head Teacher is involved in the alleged wrongdoing; the recommendation will be made to the Governing Body.
230. The Head Teacher or Chair of the Governing Body, as appropriate, will ensure that the recommendation is implemented unless there is good reason for not doing so in whole or in part. Such a reason will be reported to the next meeting of the Governing Body.
231. The Representor's identity will be kept confidential unless the Representor otherwise consents or unless there are grounds to believe that the Representor has acted maliciously. In the absence of such consent or grounds, the Assessor will not reveal the identity of the Representor except:
- where the Assessor is under a legal obligation to do so;
 - where the information is already in the public domain; or
 - in a legally privileged basis to a professionally qualified lawyer for the purpose of obtaining legal advice.
232. The conclusion of any agreed investigation will be reported by the Assessor to the Representor promptly within twenty eight working days of the initial interview.
233. All responses to the Representor will be made in writing and sent to the Representor's home address.
234. If the Representor has not had a response within the above time limit or such reasonable extension as the Academy requires, the Representor may go to an appropriate external agency, but will inform the Assessor before doing so.
235. The Representor may at any time disclose the matter on a legally privileged basis to a professionally qualified lawyer for the purpose of taking legal advice.
236. A deliberately false or malicious accusation made by a Representor is a disciplinary offence and

will be dealt with under the Academy's disciplinary procedure, as well as potentially exposing the Representer to legal liability.

237. Within the Academy all staff have a duty of confidentiality. The duty of confidentiality is implied by the law in every contract of employment and prohibits employees from publicly disclosing employers' confidential information, unless it is in the public interest that the information is disclosed or unless the Academy fails to follow required procedures. Other legal restrictions on the disclosure of information, for example under data protection legislation, may also apply.
238. Whistleblowing to an external agency without first going through the internal procedure is a breach of the Academy's Code of Conduct. The external agencies which may be used if disclosure is permitted are:
- Department for Education or ESFA. (In these circumstances, the DfE/ESFA will assess whether all school processes have been applied and that the Assessor has done everything possible to resolve the issue. If this is not the case, the DfE/ESFA will refer the matter back to the Assessor);
 - Member of Parliament;
 - National Audit Office;
 - Health and Safety Executive;
 - Police.
239. Whistleblowing to the media is not appropriate or permitted in any circumstances.
240. Employees may, on a confidential basis seek prior guidance from the Head Teacher if they wish to establish whether any course of conduct on their part or on the part of another employee may amount to wrongdoing under these procedures. Such enquiry shall be kept confidential. The Head teacher will attempt to provide guidance on the basis of the information provided, but such guidance shall not prejudice the rights of the Academy or any person under these procedures.
241. The Governing Body will assess the implementation and effectiveness of this policy. The policy will be promoted and implemented throughout the Academy.

Leasing

242. Under the Academies Financial Handbook, academies are not permitted to enter into finance leases (which are a type of borrowing) without obtaining prior ESFA approval. It is unlikely that such approval will be given other than in exceptional circumstances and therefore Harborne Academy has a policy of not entering into finance leases.
243. The Academy may enter operating leases without the ESFA's approval (with certain exceptions relating to land and buildings). In these cases the Trust has its own procedures to approve and sign such leases.
244. Schools must ensure that any lease arrangements maintains the principles of value for money, regularity and propriety. When entering into an operating lease the value of the contract is calculated as the amount of any payment multiplied by the number of payments that will be made under the lease. Using this value determines the authority level required for the procurement under the Financial Scheme if Delegation. It also determines the number of quotes or tenders that will be required.
245. Before the signing of any lease the Business Manager will consider the following:

- Whether the lease is an operating or finance lease;
 - that all terms and conditions of the contract are understood;
 - whether the equipment is new or refurbished;
 - the expected life of the equipment and whether the lease is longer than this;
 - the costs and any potential for costs to increase;
 - the cost of early settlement;
 - ensure that no previous leases are “rolled up” into the new lease;
 - the cost of the equipment is filed in and is reasonable compared to outright purchase.
246. The Scheme of Financial Delegation for the Trust details the levels of authority regarding granting a lease or licence over 1 year as follows:
247. Business Manager – review all proposals for the academy to enter into an operating lease or to take out a license and recommend course of action to the Accounting Officer, Finance and Resources Committee or the Governing Body, depending on value;
248. Accounting Officer – Review and approve all leases up to a value of £20,000;
249. Finance and Resources Committee – Review and approve all leases over the value of £20,000 and up to £50,000;
250. Governing Body – review and approve all leases over £50,000.
251. The financial disclosure of leases in the Financial Statements of the Trust is the responsibility of the Accounting Officer, relying on the register of all leases kept in the school by the Business Manager

VAT

VAT 126 form

252. The Business Manager is responsible for submitting the VAT 126 form on a quarterly basis in order to reclaim reimbursement of the appropriate VAT that has been paid out by the Academy.

Fixed assets

Asset register

253. All items purchased with a value over the academy’s capitalisation limit of £1,000 must be entered on the fixed asset register manually with the following details:
- asset description
 - asset number
 - serial number
 - date of acquisition
 - asset cost
 - source of funding (% of original cost funded from grant and % funded from other sources)
 - expected useful economic life
 - depreciation
 - current book value
 - location
 - name of member of staff responsible for the asset

254. The asset register helps:
- ensure that staff take responsibility for the safe custody of assets
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
 - to manage the effective utilisation of assets and to plan for their replacement
 - help the external auditors to draw conclusions on the annual accounts
 - support insurance claims in the event of fire, theft, vandalism or other disasters
255. Examples of items to include on the asset register include:
- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
 - Reprographic equipment – photocopiers, comb binders, laminators
 - Office equipment – fax machines, shredders, switchboard
 - Furniture
 - AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
 - Cleaning equipment – vacuum cleaners, polishers
 - Catering equipment – ovens, fridges, dishwashers, food processors
 - Technology equipment – sewing machines, craft machinery
 - Premises equipment – lawn mowers, power tools, generators
 - Other equipment – musical instruments, PE equipment
 - Mini buses

Security of assets

256. All the items in the register are permanently and visibly marked as the Academy Trust's property.
257. Equipment is, where possible, stored securely when not in use.
258. An annual count is undertaken by the Finance Assistant, who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

Disposals

259. Disposals, where applicable, are in line with the Academies Financial Handbook.
260. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Head Teacher and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
261. Items for write off/disposal should be listed on the write off/disposal authorisation form, detailing model and serial number, a brief description of the item, and the reason for write off/disposal.
262. The form should be signed and dated by the member of staff requesting write off/disposal, and then passed to the Head Teacher for authorisation. The Head Teacher should be satisfied that the items are to be written off/disposed of and should then enter on the form the method of disposal (e.g. scrapped, sold/offered via the weekly newsletter, sold by tender (if usable computers for example)).
263. When authorised, the form should be returned to the Business Manager for filing with the inventory. The inventory and the insurance should be updated accordingly, and the items disposed of as authorised.

264. The Head Teacher should then inform The Governing Body of the items written off/disposed of and this should be recorded in the minutes of the Governor's meeting, stating that The Governing Body have ratified the decision. Details of the items should also be minuted. A copy of the authorised write off/disposal form attached to the minutes should suffice for this purpose.

Loan of Assets

265. Items of academy property must not be removed from academy premises without the authority of the Principal. A record of the loan must be recorded in a loan book and booked back into the Academy when it is returned.
266. If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.

Appendix A

Academy Finance - Organisation

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

The Governing Body

The Governing Body has overall responsibility for the administration of the Academy's finances.

The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the Academy and the DfE, the Academy's scheme of government and the Academy's Scheme of Financial Delegation.

The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- ensure the Academy's continuing compliance with the Academies Financial Handbook;
- approve the Best Value Statement based on the work undertaken by the Academy and Finance Committee to ensure value for money has been established;
- approval of the Academy's financial policies;
- approve virements between budget headings in excess of the delegation to the Finance Committee;
- approval of the annual SIC based on the recommendations made by the Audit Committee;
- approval of the annual budget;
- approve the staff structure of the Academy on an annual basis;
- appointment of the Head Teacher;
- appointment of the Deputy Head Teacher, in conjunction with the Head Teacher;
- ensure that the arrangements set out in the Schedule of Financial Delegation in regards to purchasing and contracts for services are adhered to;
- approve the write off of bad debts accruing to the Academy in accordance with the limits set out in the Schedule of Financial Delegation;
- authorise items for disposal in accordance with the limits set out in the Schedule of Financial Delegation;

The Finance & Resources Committee

The Finance & Resources Committee is a committee of the Governing Body. The Finance & Resources Committee meets at least once a term but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance & Resources Committee are detailed in written terms of reference which have been authorised by the Governing Body.

The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;

- ensuring the annual accounts are produced in accordance with the requirements of the
- Companies Act 1985 and the DfE guidance issued to academies;
- authorising the award of contracts over £50,000
- to review the Academy's Financial Procedures Manual and all corresponding financial policies for approval by the Governing Body annually;
- approve virements of money between budget headings in accordance with the limits set out in the Schedule of Financial Delegation;
- monitor earmarked funds, trading activities and large Academy operations to ensure that the allocations are spent in accordance with the recognised terms and within the allocation set out in the budget;
- open bank accounts and approve or vary signatories thereto;
- review the staff structure of the Academy on an annual basis and make recommendations to the FGB of the Academy on an annual basis;
- authorising changes to the Academy personnel establishment;
- ensure that the arrangements set out in the Schedule of Financial Delegation in regards to purchasing and contracts for services are adhered to;
- approve the write off of bad debts accruing to the Academy in accordance with the limits set out in the Schedule of Financial Delegation;
- authorise items for disposal in accordance with the limits set out in the Schedule of Financial Delegation;
- undertake an assessment of risk management for insurance purposes at the Academy.
- reviewing the reports of the Internal Auditors on the effectiveness of the financial procedures and controls. These reports must also be reported to the Audit Committee of the Governing Body.

The Head Teacher

Within the framework of the Academy development plan as approved by the Governing Body the Head Teacher has overall executive responsibility for the Academy's activities including financial activities. To assist them with their responsibilities, the Head Teacher is empowered to designate members of staff as budget holders.

Budget holders shall be responsible for the control and monitoring of expenditure within budgets allocated to them. Delegation to budget holders shall be in writing. Budget holders are responsible to the Head Teacher for ensuring that the action that they take is in accordance with financial procedures. The Head Teacher still retains responsibility for:

- ensuring the Academy's continuing compliance with the Academies Financial Handbook;
- reviewing the Academy's Financial Procedures Manual and all corresponding financial policies for approval by the Governing Body annually;
- preparing a fully costed development plan setting out the aims of the Academy;
- preparing a medium term plan;
- preparing the Academy's draft annual budget and Best Value statement, based on the agreed objectives of the Academy as set out in the development plan, MTFP and key issues paper for consideration by the Governing Body;
- approving virements of money between budget headings in accordance with the limits set out in the Schedule of Financial Delegation;
- monitoring and controlling expenditure against the budget during the financial year, including preparation and approval of reports for the Finance Committee and Governing Body;
- monitoring earmarked funds, trading activities and large Academy operations to ensure that the allocations are spent in accordance with the recognised terms and within the allocation set out in the budget;
- in conjunction with the Chair of Governors, approving all year-end accounts and any financial returns required by the ESFA;

- producing a formal response to the Internal Audit report and an action plan showing how the recommendations will be implemented;
- authorising of BACS payments for non-pay items;
- reviewing the staff structure of the Academy on an annual basis and make recommendations to the F&R Committee on an annual basis;
- authorising all employee-related expenses to be paid through payroll (e.g. employees' overtime, special allowances, travel expenses, etc);
- approving new staff appointments, where the governing body have previously agreed the posts; except for the post of Deputy Head Teacher;
- ensuring that the arrangements set out in the Schedule of Financial Delegation in regards to purchasing and contracts for services are adhered to;
- approving the write off of bad debts accruing to the Academy in accordance with the limits set out in the Schedule of Financial Delegation; and
- authorising items for disposal in accordance with the limits set out in the Schedule of Financial Delegation.

The Business Manager

The Business Manager works in close collaboration with the Head Teacher through whom he or she is responsible to the Governing Body. The Business Manager also has direct access to the Governing Body via the Finance & Resources Committee.

The main responsibilities of the Business Manager are:

- advising on the financial aspects of the Academy's policy and on the financial administration of the Academy;
- dealing with the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- managing the Academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- maintaining effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- The accounts will be prepared by the Business Manager in accordance with guidelines issued by the EFA and conform to recommended accounting practice.
- They are to be presented by the Business Manager to the Finance and Resources Committee for approval before being presented to the Governing Body for formal approval and for signature by two members of the Governing Body, one of whom is to be the chair person.
- preparing monthly management accounts;
- authorising orders below £2,500 in conjunction with budget holders;
- preparing and submitting all BACS payments for authorisation by the Head or Deputy Head Teacher;
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

Other Staff

Other members of staff, primarily budget holders, will have some financial responsibilities and these are detailed in the Academy's Schedule of Financial Delegation. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

Appendix B

Finance and Resources Committee Terms of Reference (2017-18)

1 Purpose

- 1.1 The Finance and Resources Committee of the Harborne Academy Full Governing Body (the FGB) shall support the decision-making of the FGB by enabling detailed consideration to be applied in relation to the FGB's responsibility for ensuring sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

2 Membership

- 2.1 The Committee shall consist of up to five governors, including the Head Teacher of the Academy. The Committee may ask the FGB to appoint up to one additional non-voting member with appropriate skills.

3 Quorum

- 3.1 The quorum for meetings of the Committee shall be three governors.

Meetings

- 4.1 The Committee shall meet at least termly. At least seven days' notice shall be given when calling a Committee meeting.

5 Minutes & Papers

- 5.1 The Clerk to the Committee is the Clerk to the FGB. In the absence of the Clerk, the Committee may appoint a member (but not the Head Teacher) or an Academy or Sponsor staff member to act as Clerk. Draft minutes of the previous meeting will be distributed at least seven days prior to the next meeting together with the agenda and any supporting papers. Papers may be tabled at a meeting of the Committee at the discretion of the Chair.

6 Chairing

- 6.1 The Chair of the Committee shall be appointed by the FGB.
- 6.2 The Chair in conjunction with the Chief Finance Officer and Head Teacher will be responsible for drawing up the meeting agenda.
- 6.3 In the absence of the appointed Chair, the Committee can appoint another member of the Committee to act as chair for the meeting (but not the Head Teacher).

7 Attendance at Meetings

- 7.1 The Committee shall have the power to invite such other persons to attend meetings as they consider necessary.

8 Responsibilities

- 8.1 Finance Responsibilities:

The Committee shall:

- (a) review the draft Annual Budget and the Medium Term Financial Plan and make recommendations to the FGB regarding their approval;
- (b) review the monthly Management Accounts and termly financial monitoring statements in the context of the approved Annual Budget (including income and expenditure related to staff), and advise the FGB accordingly;
- (c) review reports on student numbers and the financial implications of enrolment;
- (d) review and approve orders and contracts on behalf of the FGB with a value of between £50,000 and £100,000, and make recommendations to the FGB for orders and contracts with a value of greater than £100,000, in accordance with the Academy's Financial Regulations;
- (e) review, and approve on behalf of the FGB as appropriate, proposals for the disposal or writing off of the Academy's assets, in accordance with the Academy's Financial Regulations;
- (f) review the draft end of year Financial Statements and make recommendations to the FGB regarding their approval;
- (g) review and advise the FGB on any relevant funding or financial notices, regulations, policies or guidelines issued by the Education Funding Agency or other governmental bodies;
- (h) review any changes proposed to the Academy's Financial Regulations and advise the FGB on their approval;
- (i) review any changes proposed to the Academy's Statement of Financial Delegation and make recommendations to the FGB regarding its approval;
- (j) review recommendations from the Chief Financial Officer for the improvement of the Academy's financial systems and records, and the effectiveness of the financial procedures and controls.

8.2 Resources Responsibilities

The Committee shall:

- (a) review the staffing targets and management structure, together with the capital and make recommendations to the FGB accordingly;
- (b) review staffing and HR reports from the Head Teacher;
- (c) prepare, for the consideration of the FGB, proposals for delegation of authority to the Head Teacher, to take action on such staffing matters as they think appropriate;
- (d) review proposals for changes or additions to the Academy's HR policies and advise the FGB accordingly;
- (e) advise the FGB on the Academy's Pay Policy and associated awards;
- (f) review the Academy's senior leadership contracts as required and advise the FGB accordingly;
- (g) consider, investigate and report on, or respond to (as appropriate), any complaint/correspondence as it may relate to the governors' responsibilities for staffing matters.

9 Reporting to the Governing Body

9.1 The Chair shall report termly to the FGB on the main decisions taken by the Committee, any major issues for consideration and recommendations for the FGB's review and approval.

9.2 Copies of the minutes of the meetings of the Committee shall be provided to all members of the FGB.

10 Exclusions

10.1 The function of the Finance & Resources Committee excludes:

- (a) any matter relating to the appointment of the Head Teacher within the Academy;
- (b) any matters in connection with dismissal, or appeal against dismissal;
- (c) any matters in connection with a decision, or appeal against a decision, under codes adopted by the FGB for the consideration of capability.

NB: These Terms of Reference will be reviewed and updated on an annual basis for approval by the FGB.

Appendix C

Audit Committee Terms of Reference (2017-18)

1 Purpose

- 1.1 The Audit Committee of the Harborne Academy Full Governing Body (the FGB) is responsible for overseeing the process for “providing assurances to the FGB that risks are being adequately identified and managed¹”.
- 1.2 The Committee is responsible for reviewing the risks to internal financial control and agreeing a programme of work that addresses these risks and, so far as is possible, provides assurance to the External Auditor.
- 1.3 The Audit Committee is an advisory body with no executive powers. However it is authorised by the FGB to investigate any activity within its Terms of Reference and to seek any relevant information from the Academy’s or the Sponsor’s staff, who are required to co-operate with the Committee in the conduct of any such inquiries.
- 1.4 The Audit Committee is authorised by the FGB to obtain independent professional advice if it considers this to be necessary.

2 Membership

- 2.1 The Committee shall consist of up to four governors. The Committee may ask the FGB to appoint up to one additional non-voting member with appropriate skills. The Head Teacher and any other relevant Academy or Sponsor staff member may attend to provide information and participate in discussions.

3 Quorum

- 3.1 The quorum for meetings of the Committee shall be two governors (i.e. voting members of the Committee).

Meetings

- 4.1 The Committee shall meet termly; any additional meetings will be convened if required (e.g. at the request of the Internal Audit Service or External Auditor). At least seven days’ notice shall be given when calling a Committee meeting.

5 Minutes & Papers

- 5.1 The Clerk to the Committee is the Company Secretary to the FGB. In the absence of the Clerk, the Committee may appoint a member (but not the Head Teacher) or an Academy or Sponsor staff member to act as clerk to the meeting. Draft minutes of the previous meeting will be distributed at least seven days prior to the next meeting together with any supporting papers. Papers may be tabled at a meeting of the Committee at the discretion of the Chair.

6 Chairing

- 6.1 The Chair of the Committee shall be appointed by the FGB.
- 6.2 The Chair, in conjunction with the Chief Financial Officer and the Clerk will be responsible for drawing up the meeting agenda and sending it out to Committee

¹ Taken from the Academies Financial Handbook (Sep 16), Part 4 – Audit Requirements

members at least seven days in advance of the meeting.

- 6.3 In the absence of the appointed Chair, the Committee can appoint another member of the Committee to act as chair for the meeting.

7 Attendance at Meetings

- 7.1 The Head Teacher, or some other senior manager who is responsible for the Academy's internal control, and a representative of the Internal Audit Service shall normally attend meetings at the invitation of the Committee.
- 7.2 The Committee may, as and when required, meet with representatives of the Internal Audit Service and the External Auditor without any officers being present.
- 7.3 The Committee shall have the power to invite such other persons to attend meetings as they consider to be necessary.

8 Responsibilities

- 8.1 The Committee shall:
- (a) advise the FGB on the scope and objectives of the work of the Internal Audit Service, the External Auditor and any other audit services undertaken for the Academy;
 - (b) advise the FGB on the effectiveness of the Academy's systems of internal control, including its risk management processes, and the effectiveness of the Academy's auditors;
 - (c) advise the FGB on the appointment and remuneration of the Internal Audit Service and the External Auditor;
 - (d) monitor the implementation of agreed audit recommendations;
 - (e) review and advise the FGB on all Internal Audit Service reports and on any control and regularity issues identified in the External Auditor's reports and management letters, and on any other audit reports received by the Academy;
 - (f) review and advise the FGB on the implications of any relevant reports or guidance issued by the Education Funding Agency or other governmental bodies;
 - (g) review the insurance cover in place for the Academy and the annual summary report;
 - (h) oversee the Academy's policy on fraud and irregularity, and report instances of fraud, theft or irregularity to the FGB.

9 Reporting to the Governing Body

- 9.1 The Chair shall report termly to the FGB on the main decisions taken by the Committee, any major issues for consideration and recommendations for the FGB's review and approval.
- 9.2 Copies of the minutes of the meetings of the Committee shall be provided to all members of the FGB.
- 9.3 The Committee will produce an Annual Report which includes the Committee's view on the effectiveness of the Academy's systems of internal control and any matters of significance arising from the work of the Internal Audit Service, the External Auditor and any other auditors who have carried out work in relation to the Academy.

NB: These Terms of Reference will be reviewed and updated on an annual basis for approval by the FGB.

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
APPENDIX D**

SCHEDULE OF FINANCIAL DELEGATION

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Financial Management				
Ensure the Academy's continuing compliance with the Academies Financial Handbook	✓		✓	BM
To review the annual internal audit report and the action plan drawn up to address issues identified, as required.	✓		✓	AC BM
To review the Academy's Financial Procedures Manual and all corresponding financial policies for approval by the Governing Body annually.		✓	✓	BM
To review the Academy's investment policy (for approval by the Governing Body) on an annual basis		✓		
Approval of the Academy's financial policies (Schedule of Financial Delegation, Scheme for Financing Academy's, Financial Regulations, Investment Policy, charging, refunds, debt recovery, asset disposal, etc)	✓			
To review the governor induction pack to ensure that the information is still relevant and up to date.				CS BM

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
APPENDIX D**

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Financial Management				
Ensure that there is an induction pack for new governors, tailored to reflect the individual structure of the Academy.				CS BM
Ensure that all relevant financial updates are brought to the attention of the Finance Committee / Governing Body.			✓	BM
To consider all relevant financial updates and advise the Governing Body of any issues affecting the Academy's financial administration.		✓		BM
Academy Development Plan – financial implications				
Prepare a fully costed development plan setting out the aims of the Academy.			✓	BM
Secure the implementation of the development plan with the collective support of the Academy staff.			✓	BM
Approve the development plan on an annual basis.	✓			
Review and monitor the development plan and take stock of the progress of the plan on a termly basis.	✓			
Financial Planning				
Prepare a three-year medium term budget (MTFP) on the basis of the cost of current policies, the proposals for change (drawn from the Academy's development plan) and estimates of the level of future resources.			✓	BM
Consider the Academy's MTFP in the light of the development plan and the level of future resources on an annual basis (summer term).		✓		
Approve the Academy's MTFP and review this document in the light of any significant factors that come to the attention of the Governing Body on an annual basis (summer term).	✓			

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APPENDIX D**

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Annual Budget Plan and Best Value Statement				
Undertake benchmarking exercises on an annual basis for review by the Finance Committee.			✓	BM
Consider the benchmarking work undertaken by the Academy and propose changes, as required, to ensure that the Academy budget achieves value for money.		✓		
Prepare the Academy's draft annual budget and Best Value statement, based on the agreed objectives of the Academy as set out in the development plan, MTFP and key issues paper for consideration by governors			✓	BM
Consider the draft Academy budget and key issues (links to the Academy development plan and MTFP) and the proposal of the balanced budget for the year for the approval of the Governing Body.		✓		
Approve the Academy's annual budget.	✓			
Review the guidance for the signing of the annual Best Value statement and ensure that appropriate steps have been taken by the Academy to obtain best value.		✓	✓	BM
Approve the Best Value Statement based on the work undertaken by the Academy and Finance Committee to ensure value for money has been established	✓			
Annual Timetable for Budget Management				
Prepare a timetable with key dates for annual budget management.			✓	BM
Ensure that meetings are timetabled taking into consideration financial deadlines.		✓		

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
APPENDIX D**

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Budget Monitoring and Control				
Approve virements between budget headings. Movements above this value to be referred to the Finance Committee before being undertaken.			< £20K	
Approve virements of money between budget headings. Virements in excess of this amount to be approved by the Governing Body.		£20K - £50K		
Approve virements between budget headings in excess of the delegation to the Finance Committee.	> £50K			
Advise the Finance Committee and Governing Body of all budget movements (e.g. virements, allocation of additional funding, etc) undertaken up to the level of delegation (less than £20k).			✓	BM
Review all budget movements undertaken (including virements), ensuring that the reasoning for the movements is sound.	✓	✓		
Monitor and control expenditure against the budget during the financial year, including preparation and approval of reports for the Finance Committee and Governing Body		✓	✓	BM
Review the budget monitoring reports and the projected out-turn position on a termly basis.	✓	✓		
The control and monitoring of delegated budgets.				BH

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
APPENDIX D**

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Budget Monitoring and Control				
Ensure that earmarked funds and large or trading activities are separately monitored and reported to governors.			✓	BM
Monitor earmarked funds, trading activities and large Academy operations, (e.g. catering, sports facilities, extended Academy activities, hiring's, etc) to ensure that the allocations are spent in accordance with the recognised terms and within the allocation set out in the budget.		✓		
Financial Reporting to the ESFA				
The preparation of the year-end accounts required by the ESFA for consideration by the Accounting Officer/Full Governing Body.				BM
In conjunction with the Chair of Governors, approve all year-end accounts and any financial returns required by the ESFA.	COG		✓	
Consider the recommendations set out in the External Auditors Management letter and the action plan proposed by the Head teacher/BM for implementing these.	✓	✓	✓	AC
Audit and Inspection Reports				
Produce a formal response to the Internal Audit report and an action plan showing how the recommendations will be implemented.			✓	BM
Consider the recommendations set out in Internal Audit report and the action plan proposed by the Head Teacher for implementing these.				AC
Ensure that the recommendations agreed by the Academy have been implemented.	✓	✓	✓	AC

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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Retention and Disposal of Accounting Records				
Ensure maintenance of complete financial accounts and full supporting records for all accounts (both official and unofficial). (Refer also to the Financial Systems section below.)			✓	BM
The retention, secure storage and disposal of accounting records in accordance with both legal and ESFA requirements.				BM
The maintenance of full financial records for all accounts.				BM
Computer Systems and the Data Protection Act 1998				
Ensure that the Academy complies with the requirements of the Data Protection Act 1998.			✓	DM CS
Ensure that the Academy's Data Protection registration is renewed annually			✓	DM
The setting up and maintenance of access profiles for system users and the production and security of back-up disks and files.			✓	NM DM
Financial Systems				
Undertake an annual review of the controls within the Academy's financial systems to support the signing of the Statement of Internal Control (SIC), should the Academy choose to complete one.			✓	BM
To consider the annual SIC for approval by the Governing Body, taking into consideration the Academy's self-assessment of the controls within its financial systems and other members of its financial management.				AC
Approval of the annual SIC based on the recommendations made by the Audit Committee.	✓			

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
APPENDIX D**

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Banking Arrangements				
Open bank accounts and approve or vary signatories thereto.		✓	✓	BM COG CS
Submission of BACS payments to the Academies bankers				BM
Authorisation of BACS payments for non-pay items			✓	DHT
Authorisation of BACS payments for pay items				DHT COG
The control and reconciliation of the Academy's bank accounts for consideration by the Academy's Head Teacher or Deputy Head Teacher.				BM
Approve the bank reconciliation on a monthly basis.			✓	DHT
Petty Cash				
Agree, with the Governing Body, an appropriate amount of petty cash to be held, currently £50, and the periodic check of completeness of financial records.			✓	
The maintenance of accounting records, the security and regular reconciliation of petty cash.				BM FA

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
APPENDIX D**

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Personnel and Payroll				
Review the staff structure of the Academy on an annual basis and make recommendations to the FGB of the Academy on an annual basis		✓	✓	BM HRM
Approve the staff structure of the Academy on an annual basis	✓			
The maintenance of an authorised signatory list for employment contracts and pay documents.				HRM BM
The filing and storage of personnel and pay records (including person specifications and interview notes for a least 12 months).				HRM
Periodically reconcile gross pay with contracts and other authorised documents			✓	HRM BM
Determine employee status for all individuals working on behalf of the Academy, using the HMRC questionnaire where further clarification is required.			✓	BM HRM
Authorise all employee-related expenses to be paid through payroll (e.g. employees' overtime, special allowances, travel expenses, etc).			✓	BM LM
Approve all payments made to the Head Teacher personally, i.e. reimbursement of payments for goods / services purchases on behalf of the Academy and / or personal expenses incurred, e.g. travel expenses. (Refer also to the banking arrangements section above.)		✓		BM COG
Implement the Academy pay policy and appointment procedures for all staff employed through the Academy.			✓	HRM BM

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
APPENDIX D**

Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other
Purchasing – provision of goods and services				
Set house rules for a purchasing policy, monitor and review the rules in accordance with ESFA guidelines.	✓			
Monitor purchasing regulations to ensure compliance by the Academy.			✓	BM CS
Act as 'Chief Officer' for the letting of contracts.			✓	BM COG
Appoint Contracting Officer and Contracts Manager for the contracts taken out.			✓	
Maintain a Contracts Register in accordance with good practice Authority guidance.			✓	BM
Review contracts on an on-going basis (and as part of ensuring the Academy continues to achieve 'best value')			✓	BM
Ensure that written quotes are obtained for purchases and contracts in accordance with the minimum requirements set out below: (Less than £5,000 at least 1 quote preferably confirmed in writing, £5,000 to £10,000 at least 2 written quotes and £10,000 to £50,000 at least 3 written quotes.)			✓	BH BM
Ensure that a minimum of 3 tenders are obtained for purchases and contracts valued between £50,000 and £100,000		✓		

**HARBORNE ACADEMY FINANCIAL PROCEDURES MANUAL
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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other Staff Member
Purchasing – provision of goods and services				
Ensure that a minimum of 3 tenders are obtained for purchases and contracts valued between £100,000 and EU limits.	✓			
Ensure that EU regulations are applied for all contracts over the EU threshold.	✓		✓	BM
Ensure that all contracts are signed in accordance with Academy Regulations.	✓			
Maintain a Contacts Register for all contracts and significant purchases over £10,000.			✓	BM
Supervise contractors and service providers to ensure the receipt of best value for money and compliance with legislation.	✓		✓	BM
Leasing				
Review and approve all leases up to the value of £20k			✓	BM
Review and approve all leases up to the value of £20k and up to £50k		✓		BM
Review and approve all leases over the value of £50k	✓			
The maintenance of a register of all leases held by the Academy (if not included in the Academy's Contract Register).				BM FA
Orders for Goods and Services and Payment of Accounts				
The maintenance of an authorised signatory list for orders (subject to the limitations agreed).			✓	BM

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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other Staff Member
Orders for Goods and Services and Payment of Accounts				
The authority for the signing of official orders for the purchase of goods and services up to the value of £2.5k other than by the Head Teacher.				BM < £2.5K
Control the placing of orders for the purchase of all goods and services, up to a value of £20k.			✓	
Control the placing of orders for the purchase of all goods and services, of between £20k to £50k. A member of the Finance Committee must countersign all orders within these limits		✓	✓	
Control the placing of orders for the purchase of all goods and services, of more than £50k up to EU limits. A member of the Governing Body must countersign all orders within these limits	✓		✓	
Approve capital projects up to £20K			✓	
Approve capital projects above £20k and up to £50k.		✓	✓	
Approve capital projects above £50K.	✓		✓	
The confirmation of the receipt of goods and services.				BH
The preparation of BACS for payment of services.				BM
Approval of BACS for payment of services			✓	DHT
VAT				
To monitor the regulations on VAT, ensuring compliance by the Academy.				BM

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To complete and submit the reimbursement claim for VAT on a quarterly basis.				BM
The signing of the VAT reimbursement claims.			✓	

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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other Staff Member
Income				
Set a charging policy for consideration by the Governing Body.		✓		
Approve the charging policy.	✓			
Draw up proposed charges for the various areas of Academy income, including lettings, music tuition and Academy meals, on an annual basis.			✓	BM
Consider the proposed charges for the various areas of Academy income for approval by the Governing Body annually.		✓		
Approve the annual review of charges for the various areas of Academy income (the approval to be formally recorded in the Governing Body minutes).	✓			
Set suitable controls for the recording and collection of monies due, and for the movement and banking of monies for all accounts under the control of the Academy.			✓	BM
The control and collection of all income.				BM FA
The preparation of receipts for banking.				FA
The physical banking of monies.				BM FA
Approve procedures for chasing outstanding income due to the Academy (debt recovery policy).		✓		

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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other Staff Member
Income				
Approve and write off bad debts accruing to the Academy: Up to £150			✓	
£151 - £500		✓		
£500+	✓			
Ensure the security of monies held on site.			✓	BM FA
Security of Assets, Stocks and Other Property				
Produce and implement a policy for security arrangements at the Academy (including procedures for call-out and key replacements)			✓	BM
Approve and periodically review the policy for security arrangements at the Academy.			✓	BM
To determine a value above which assets should be recorded on the Academy's inventory.		✓		
Ensure the physical security of the Academy's assets, and maintain and periodically inspect an up-to-date inventory.			✓	
The security of physical assets.				BM
The notification of any changes in physical assets to the inventory coordinator.				BM
To determine a value above which discrepancies in the inventory should be reported to the Governing Body.		✓		

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The physical inspection of the inventory on an annual basis or through an on-going programme of (random) sample checks.			✓	BM FA
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Area of Responsibility	Level of Responsibility			
	Governing Body	Finance Committee	Head Teacher	Other Staff Member
Security of Assets, Stocks and Other Property				
Prepare a policy for the disposal of surplus stock and equipment and property, other than land and buildings, and authorise items for disposal up to a maximum value of £500			✓	BM
Approve the policy for disposal of surplus stock and equipment and the sale of property, other than land buildings and authorise items for disposal up to a maximum value of £1,000.		✓		
Authorise items for disposal above a residual value of £1,000.	✓			
Maintain a register of key holders.			✓	BM
Insurance				
Initiate adequate insurance cover for the Academy, and maintain a register of policies taken out.			✓	BM
Undertake an assessment of risk management for insurance purposes at the Academy.		✓		AC

Key:			
Abb.	Description	Abb.	Description
AC	Audit Committee	DM	Data Manager
BH	Budget Holder(s)	FA	Finance Assistant
BM	Business Manager	HRM	HR Manager
COG	Chair of Governors	LM	Line Manager
DHT	Deputy Head Teacher	NM	Network Manager