



**Kingstone**  
ACADEMY TRUST

Kingstone Academy Trust

Finance Policy

April 2018

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## 1) Introduction

This document is the Finance Policy for Kingstone Academy Trust (“KAT”). Having received the approval of the Secretary of State for Education, the former High School became an Academy on 1 August 2011. In this document the terms “School” and “Academy” are synonymous and refer to KAT. Compliance with, and actions arising from the policy are the responsibility of the Finance Office, unless stated otherwise.

The purpose of this policy is to ensure that the School maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the School’s Funding Agreement with the Department for Education (“DfE”)/Education & Skills Funding Agency (“ESFA”).

The School must comply with the principles of financial control outlined in the Academies guidance published by DfE/ESFA. This policy expands on that and should be read by all staff involved with financial systems.

## 2) Governance and Organisation

### a) Governance

The Governing Body has overall responsibility for the administration of the School’s finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the School and the DfE and in the School’s scheme of internal delegation.

The main responsibilities include:

- Ensuring that grant from the ESFA is used only for the purposes intended;
- Approval of the Annual Budget;
- Appointment of the Head Teacher;
- Appointment of the Deputy Head Teacher, School Business Advisor and Finance Manager, in conjunction with the Head Teacher.

The Finance and Personnel Committee is a committee of the Governing Body.

The Finance and Personnel Committee meets at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance Committee are detailed in written terms of reference which have been authorised by the Governing Body.

### b) Organisation

The Head Teacher has defined the responsibilities of each person involved in the administration of School finances to avoid the duplication or omission of functions and to provide a framework of accountability for Governors and staff.

Day-to-day management of the School finances is delegated to the Finance Manager, who reports directly to the Head Teacher. The Finance Manager is supported by a Finance Officer. Where the term “Finance Office” is used in this

document, it refers to the responsibilities of the Finance Manager and the Finance Officer.

### c) Accounting and Budgeting Systems

The School uses SIMS FMS as its core accounting system. School Voluntary Funds are recorded in a separate system (Private Funds Manager (“PFM”)); balances are transferred to SIMS FMS at year-end only for consolidation purposes.

The School uses Financial Planning Solutions (“FPS”) software supplied by HCSS for budgeting and forward planning.

## 3) Financial Planning

### a) Budget Preparation

The Head Teacher is responsible for the preparation of the annual School budget which addresses the strategic aims and targets established by the Governing Body. The Head Teacher delegates the detailed construction of the budget to the Finance Manager. In constructing the budget, the Finance Manager must take account of priorities identified in the School Development / Improvement Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Finance Manager should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming year.

The Finance and Personnel Committee should meet to consider a broad budget strategy. In order to determine appropriate expenditure levels, the committee should consider the overall level of income expected from the Education & Skills Funding Agency, grants and School generated income, together with any anticipated balance to be carried forward into the following financial year.

Detailed formulation of the budget should take place in the Summer term and the Finance and Personnel Committee should approve the detailed budget plan following receipt of the final Education & Skills Funding Agency revenue grants which are issued in April. The full Governing Body must subsequently approve the full budget and minute this approval.

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year.

In constructing the detailed budget, factors for consideration include:-

- current and previous years’ expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.)
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures

## b) Budget Control and Monitoring

The Head Teacher is responsible for regular, detailed control of the School budget and this role will require appropriate monthly reports from the School's accounting system. The Head Teacher may assign budgetary control of individual budget headings to other members of staff, however the Head Teacher remains ultimately accountable to the Governing Body for these budget headings. Financial reports to the Head Teacher and other budget holders, where applicable, should include the following information for each agreed budget heading:

- total budget for year
- total expenditure and commitments to date
- projected variance

Payroll expenditure data, as notified by payroll reports received from Hoople (see below), must be entered promptly on to the School's accounting system each month by the Finance Office.

The Head Teacher should present detailed budget monitoring statements to the Finance and Personnel Committee on at least a termly basis. The Finance and Personnel Committee should then consider and challenge these statements as necessary, with the Head Teacher providing explanations for any significant variances identified. The Chair of the Finance and Personnel Committee should then report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

When the accounts for each financial year are closed, a final statement from the School's accounting system must be presented to the next meeting of the Finance and Personnel Committee by the Finance Manager.

## c) Capital budget

Works funded by devolved capital grant and successful bids from the annual Condition Improvement Fund are approved as follows:

Works are identified by the Business Advisor in consultation with the Head Teacher.

Tenders are handled externally by Education Property Partnership Ltd and invited as follows:

- For works over £25,000 three contractors invited to bid
- For works over £50,000 four contractors invited to bid (sealed tenders where appropriate)

For projects under £25,000 the Head Teacher can decide alone or take advice if he wishes. For projects over £25,000, a sub committee is formed consisting of the Head Teacher and two governors chosen from the Chair of Governors, Vice Chair of Governors and Chairman of the Finance and Personnel Committee. Declarations of interest are taken and consideration is given to each bid, sometimes with expert advice such as ICT adviser for ICT projects.

The sub committee will consider the proposal and report its decision to the next Full Governing Body meeting.

Each project is signed, dated, recorded and filed for reference.

## d) Capitalisation

### **Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

- Leasehold improvements - 10%
- Long Leasehold Property - 2%
- Fixtures and fittings - 20%
- Computer equipment – 33.3%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments.

Impairment losses are recognised in the Statement of Financial Activities.

## **4) Reporting**

### a) Reporting to Budget Holders

Budgets are agreed with budget holders as part of the overall budget preparation. These are recorded at a detailed level and applied to cost centres within SIMS FMS. Each cost centre is allocated to a nominated individual who is responsible for authorising and monitoring expenditure within the agreed parameters. Budget holders receive print outs of their cost centres on a half termly basis or on request.

### b) Management Accounts

Monthly management accounts, incorporating actual income and expenditure and corresponding budget allocations, plus supporting documentation are produced and reviewed on a monthly basis by the Head Teacher.

Management accounts are compiled for the Head Teacher and Governors prior to each termly Finance and Personnel committee meeting by the Finance Manager, using consolidated information from SIMS FMS. If transferred to a spreadsheet for ease of preparation, the management accounts will always reconcile to SIMS FMS.

### c) Forecast

A Forecast of income and expenditure is prepared termly and included in the management accounts, for presentation to the Head Teacher and Governors. A cash flow spreadsheet is also prepared.

## 5) Income

### a) Credit income

Where payment for goods/services provided by the School is made after the provision takes place, an official invoice must be raised by the Finance Office in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision.

A file of copy invoices will be maintained by the Finance Office. The review of the Aged Debtor Report, produced on SIMS FMS each month, will highlight the need to chase any unpaid invoices.

An official receipt may be issued to the debtor and a duplicate copy of the receipt should be retained at School.

### b) Cash income

An official receipt is issued to the payer, if requested at the time the payment takes place, and a duplicate copy retained at the School. All payments are listed and recorded on "Reason for Payment" forms. These are checked and signed by the Finance Officer and the Finance Manager.

### c) Banking

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

### d) Charging policy

The full Governing Body will set a charging policy to cover:

- Facilities
- School trips
- Private photocopying
- Private telephone calls

The charging policy will be reviewed annually by the Governing Body. Charges levied by the School will be in line with this policy.

## e) Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

Donations may be paid into the general account or the School Voluntary Fund dependent upon the wishes of the donor which must be ascertained beforehand. Funds should be designated "restricted" if the donor has given specific instructions for their use.

## f) Official Capitation and School Voluntary Fund income

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, music tuition, sales of work) must be paid into the general account and coded to an appropriate income code within the accounting system. Monies received from any sales of School equipment must similarly be paid into the general account and recorded in the accounting system.

## g) Cash received from pupils

Cash received from pupils by the form tutor must be recorded and handed over to the Finance Office the same day. The Finance Office records the income in the School Voluntary Funds system.

## h) Security of receipt books and tickets

All unused receipts and tickets to be used to acknowledge receipt of income, must be held securely in the Finance Office.

## i) Cashless catering and other cashless income

Income is also received from parents via ParentPay as payment for pupil's trips and other goods or services. Parents receive confirmation of payments made to the School directly from ParentPay and are able to check activity on their own account via secure access to the ParentPay website.

ParentPay transfers funds to the School every week and, for each receipt, a reconciliation is undertaken by the Finance Officer to ensure that Private Funds Manager (PFM) has been updated correctly. The reconciliation is completed independently from the administration of the PFM system.

## 6) Bad Debts

The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.

- a) Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.
- b) All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:

- i. 31-60 days from date of account - 1st reminder
- ii. 61-90 days from date of account - 2nd reminder
- iii. 91 days from date of account - Final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days. After four months from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

- c) If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:
  - i. The Head Teacher or Finance Manager on behalf of the Academy must provide 30 days' notice to the Secretary of State for Education of its intention to write off any debts owed to it as set out in Section 83 of School's Funding Agreement. This notice is required whether or not the circumstances require the Secretary of State for Education's approval (see below).
  - ii. Those debts below the value set out in the Annual Letter of Funding can then be approved and written off by the Finance and Personnel Committee and reported to the next meeting of the Governing Body.
  - iii. Any proposed write off of debts above the value set out in the Annual Letter of Funding require the prior written consent of the Secretary of State for Education in accordance with section 82 of Schools Funding Agreement.
- d) To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.
- e) The School will retain a Bad Debt Write-Off Summary.

## **7) School Voluntary Fund**

### **a) Accounts**

The accounts of the School Voluntary Fund are to be maintained on a day to day basis by the Finance Office. All income and expenditure will be entered promptly in the accounts. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements.

### **b) Signatories**

The following are allowed to sign cheques on the bank account:

- Executive Headteacher

- Deputy Head Teacher
- Head of Primary
- Finance Manager

There must be two signatures on each cheque.

### c) Final accounts and audit

Final accounts are prepared at the end of the School Voluntary Fund financial year by the Finance Manager. The accounts will be audited by an auditor appointed by the full Governing Body. The auditor will not be a member of the Governing Body. In appointing an auditor and operating the Fund, the Governors will follow the instructions laid down in the DfE guidelines.

The audited accounts should be presented to the full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting.

School Voluntary Fund monies must be kept, and recorded, separately from the School's capitation monies and securely held.

## 8) Payroll

### a) Starters/variations/leavers

The School has outsourced its payroll to an external provider: Hoople Ltd.

Hoople Ltd have standard documentation for the following:

- setting up new employees on the payroll (starters)
- effecting variations to pay, including overtime
- taking existing employees off the payroll (leavers)

Forms should be completed by the Finance Officer and authorised by the Head Teacher, or, in their absence, the Deputy Head Teacher on a timely basis. Completed forms should be sent to relevant pay and conditions contact as directed.

### b) Claim Forms

For relevant staff, submitted claim forms must be authorised by the Head Teacher or the Finance Manager. Authorised time sheets must be submitted directly to the relevant pay and conditions team contact and never handed back to the employee.

### c) Checking of payroll data

Payroll data received monthly from Hoople must be scrutinised and signed by:

- the Executive Headteacher, to ensure all employees are recognised, and pay appears reasonable (no detailed check)

- the Finance Manager, to check accuracy of salary and expense payments.

#### d) Pay-related expenses

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, the payroll provider (Hoople) should be contacted for advice.

#### e) Internal Supply teachers

The Governing Body will decide, on the basis of advice from the Head Teacher, whether supply insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Head Teacher, or in their absence, the Deputy Head Teacher. Reimbursement claims must be submitted on a monthly basis by the School Finance Office. The Finance Manager must check on a monthly basis that correct amounts have been charged.

#### f) External Supply Teachers

All external claims by supply agencies must be checked for correct working hours and authorised (signed) by the Head Teacher, or in their absence, the Deputy Head Teacher. Claims must be submitted within a month of the working hours and checked by the Cover Manager.

## 9) Purchasing

### a) Ordering

All purchases are to be for bone-fide educational purposes.

Orders should be processed by the Finance Officer after initial approval by budget holders have been sought and given. The purchase order must be signed by the budget holder before it is sent to the supplier or an order has been placed over the telephone. An official confirmatory order must be sent.

Official orders must not be used to procure goods for private purposes.

Official order stationery must be held in a secure location.

Copies of all official orders placed must be retained on file at the School by the Finance Officer.

Purchases that do not require purchase orders:

Any purchases from the Contracts List, which will be reviewed annually in accordance with the business requirement.

Preferred Supplier List will be kept with the Finance Policy and reviewed annually.

Orders for items / services require quotes as follows:

<b>Total</b>	<b>Requirements</b>	<b>Shortlisting</b>
£2,001 - £4,000	2 written quotes	Budget Holder
£4,001-£25,000	3 written quotes	Head Teacher or Deputy Head Teacher
£25,001-£50,000	Formal written specification to at least 3 candidates	Head Teacher, Chair of Governors, Chair of Finance and Vice Chair of Finance. Must be ratified by the full Governing Body.
Over £50,000	Formal Tender with appropriate professional appointed by School	Head Teacher, Chair of Governors, Chair of Finance and Vice Chair of Finance. Must be considered by the full Governing Body.

In exceptional circumstances (e.g. urgency or lack of potential suppliers) the shortlisting responsibility may be escalated up one level and the strict requirements avoided. For values over £25,001, the governing body as a whole may vary the quotation requirements.

The quotes must be submitted to the Finance Office for safekeeping.

#### b) Governor involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Head Teacher to ensure that Chair of Governors, Deputy Chair of Governors or Chair of Finance and Personnel Committee are consulted in the following circumstances:-

- i) Review of quotations obtained where estimated costs exceed £10,000.
- ii) Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

#### c) Receipt of goods

Once items ordered have been received, the person who has raised the purchase order must ensure that items delivered correspond to details contained in the delivery note and ensure that both quality and quantity are appropriate.

#### d) Invoice check and authorisation

Invoices received must be checked to purchase orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. All invoices must be certified for payment by the Finance Manager before being passed for payment (or in the Finance Manager's absence, the Executive Headteacher).

Invoices must be recorded promptly in the School's accounting system by the Finance Office.

#### e) Charge Card

The School has a charge card – Lloyds Business Charge Card – issued by Lloyds Bank.

Each month the Charge Card payment is debited to the relevant School bank current account. The Lloyds Bank Charge Card statement is reviewed monthly and checked to ensure all entries are correct and supported by signed orders from budget holders. A journal is then raised by the Finance Officer to reflect the corresponding transactions. The journal and reconciliation to supporting documentation is reviewed by the Finance Manager and the Head Teacher monthly.

The charge card is stored in the safe in the Finance Office. A member of staff wishing to make a purchase with the charge card is required to sign for the card before it leaves the Finance Office. The charge card must be returned promptly. Any purchases over the Internet are performed by the Finance Officer.

## 10) Assets

#### a) Inventory

The portable, desirable, attractive assets of the School, as well as any assets of intrinsic value (e.g. antiques) will be recorded in the School's inventory. Full details (make, model, serial number, approximate value) shall be recorded.

The Finance Manager (furniture and other non-ICT equipment) or ICT Network Service Provider (ICT equipment) is responsible for keeping the inventory up to date by adding new items when they are received into School.

Inventories shall cover all areas of the School and be arranged on a room-by-room basis. A separate inventory will be maintained to include items which are not allocated to a specific room.

The inventory shall be checked against the actual assets by the Head Teacher and Finance Manager on an annual basis. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the Academy's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory.

#### b) Off-site register

Any inventory items taken off-site by members of staff for official purposes must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded.

## c) Redundant Equipment

Where the estimated disposal value of surplus or redundant assets (equipment) or stores is less than £500 or sale is to be by public auction or competitive tendering, authority for disposal can be given by the Head Teacher.

A Disposal of Equipment form will be completed for all items which are to be disposed of.

Governors' approval will be obtained for the disposal of equipment where:

1. the estimated disposal value is above £500 or
2. the sale is to be to a Governor or employee of the Academy.

A list of equipment disposed of in accordance with the above criteria will then be presented to the Governing Body at its next meeting. This list will show, so far as may be known, the item, department, date of manufacture or purchase, values when new and when made redundant (estimated where necessary) and disposal value.

The School's inventory will be amended to show disposals and these entries will be endorsed by the Head Teacher.

The net income (i.e. excluding VAT) from sales of surplus or redundant assets or stores purchased from the School budget will be credited back to the School budget.

## 11) Cash, Banking and Investments

### a) Petty Cash

Day to day operation of the petty cash account is the responsibility of the Finance Officer.

All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record.

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used. The Finance Manager (or the Executive Headteacher in the Finance Manager's absence) must certify the reimbursement claim.

Each time a reimbursement claim is submitted, the Finance Officer must complete a reconciliation ensuring that cash expended, plus cash in hand or at bank, plus stamps held, equals the amount of the advance.

All members of staff who wish to purchase items using the petty cash account must obtain prior approval from the Budget Holder. Vouchers (receipts, paid invoices etc.) to evidence the payment must be presented to the Finance Officer by members of staff when reclaiming cash from the account. These vouchers must be retained by the Finance Officer.

In normal circumstances individual purchases from petty cash must not exceed £50. In exceptional circumstances payments up to £100 may be made, with the express prior approval of the Head Teacher. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.

## b) Banking

### General Account and School Voluntary Funds

A KAT bank account is held for ESFA funds to be credited. Two school bank current accounts are held for the delegated budget: these accounts are for the day to day transactions of the delegated budget. Two bank accounts are also held for school voluntary funds.

Regular bank statements are received and are reconciled at least monthly and often weekly. Any discrepancies are immediately investigated.

The bank accounts are not to be allowed to go overdrawn, nor can an overdraft facility be negotiated; the School should not enter into any loan agreements.

All cheques must bear the signatures of two signatories approved by the Governing Body (see section 7b above). Signatures must be manuscript signatures only and cheques should not be pre-signed.

## c) Investments

Investments can be made only in accordance with written authorisation of the Governing Body. All investments must be 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.

## 12) Financial Controls

All the financial transactions of the School must be recorded on the School accounting systems: SIMS FMS or PFM.

### a) System Access

Entry to the SIMS FMS system is password restricted and the Finance Manager is responsible for implementing a system which ensures that passwords are changed regularly.

Access to the component parts of FMS can also be restricted and the Finance Manager is responsible for setting access levels for all members of staff using the system.

### b) Back-up Procedures

Back-up procedures are described in the ICT Policy.

The Business Continuity Plan will be enacted in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Governors of the major risks to which the School is exposed and the systems that have been put in place to mitigate those risks.

### c) Transaction Processing

All transactions input to the accounting system must be authorised in accordance with Finance procedures;

Detailed information on the operation of the accounting system can be found in the user manuals held in the Finance Office or online/telephone help via Capita SIMS.

### d) Transaction Reports

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

- Detailed reports for the payroll, purchase ledger and sales ledger;
- Management accounts summarising expenditure and income against budget at budget holder level;
- Other reports as required.

### e) Reconciliations

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

Any unusual or long outstanding reconciling items must be brought to the attention of the Finance Manager. The Executive Headteacher will review and sign all reconciliations as evidence of this review.

The Finance Manager should ensure that bank and balance sheet reconciliations are performed and independently substantiated.

## 13) Insurance

The school purchases external annual insurance covering the following insurance provision:

- Public Liability – insures against claims for personal injury or damage to third party property
- Employer's Liability – insures against claims for personal injury or damage to property brought by a member of staff whilst at their place of employment
- Buildings and contents including cover against theft and accidental damage to contents
- Works in progress (if applicable)
- Personal (covers death and serious injury) – staff, governors, volunteers and pupils
- Business Interruption
- Governors' Liability
- Hirer's Liability
- Libel & Slander
- Legal Expenses re Contract disputes
- Money – theft of money whilst on the premises, whilst in transit and whilst at the private residence of any employee

- Occasional Business Use for Vehicles
- Engineering Inspection and Insurance
- Fidelity Guarantee – protects delegated budget and school voluntary funds against loss by any fraud or dishonesty
- School journey on and off site – insures pupils and any accompanying adult for personal injury sustained due to an accident whilst engaged in an off site activity arranged by the School – also includes a full travel policy for UK and overseas.

## **14) Tax**

All budget holders are aware of provisions concerning VAT, tax and the construction industry scheme. They are aware that they can obtain further information on how VAT on business activities and School trips should be accounted for from the Finance Office.

Only VAT invoices are paid for transactions involving VAT. Payments are only made to service providers, contractors and subcontractors who disclose VAT registration details on their invoices, in accordance with HMRC guidelines. In the case of the reimbursement of expenses, the VAT invoice must be in the name of the School, and not an employee, as VAT is due to the School.

The School completes a monthly VAT return on SIMS FMS, which is reimbursed. This is done on the first available day after month end.

## 15) Audit/ Fraud

### a) External Audit

The appointed external auditors arrange for an audit of the School's systems and procedures relating to finance, personnel and statutory requirements as part of their annual audit reviews. They perform a systems audit as well as their annual audit of the School's year end statutory accounts. A draft report of their findings will be provided to the Head Teacher for consideration and review. The final report (management letter) and any action plan required will be agreed by Governors.

### b) Internal Audit

Internal Audit is undertaken by the Responsible Officer (see below)

Internal audit should review *inter alia* information available from the following sources:

- Monthly print outs of cost centres
- Regular reports submitted to the Finance and Personnel Committee
- Departmental development plans (particularly income and expenditure plans)
- Departmental reviews conducted by Senior Management and link Governor

Where issues over systems and procedures emerge from the above data, it is recommended that the Finance Manager conduct an investigation within the area of concern, and agree an action plan with the budget holder to reduce identified risks.

### c) Responsible Officer

KAT has appointed an Internal Auditor to review the financial process and controls laid down by the Governing Body. The findings of these will be reported back by the Internal Auditor to the Accounting Officer (Head Teacher) initially who will then present this report to the Finance and Personnel Committee.

The main responsibilities of the Responsible Officer are:

- Assurance that the financial responsibilities of the Governors are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Ensure systems of internal financial control are maintained
- Financial considerations are fully taken into account when reaching decisions

### d) Fraud

Fraud is a criminal offence. The Fraud Act 2006 defines 'fraud' as:

1. Deceit, the intention to deceive or secrecy: and
  - a. an actual loss or gain;
  - b. the intent to cause loss to another or expose them to the risk of it;
2. Dishonesty.

Offences of fraud can include abuse of position, making of false statements, failure to disclose information, obtaining services dishonestly, deception, theft, misappropriation, embezzlement, forgery, corruption, extortion, false accounting,

false representation, concealment of material facts, acts of conspiracy, collusion and aiding and abetting any act of dishonesty.

Bribery is a criminal offence and the Bribery Act 2010 introduces a clearer regime for tackling bribery. A definition is – inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

The Governing Body is committed to take action to prevent, detect and deter fraud, corruption and bribery in all its activities.

This statement must be read in conjunction with the Whistle-blowing policy and Safer Recruitment procedures.

The School will ensure probity in Administration and Governance by taking positive action against all forms of fraud, corruption or bribery affecting School business whether it is from internal or external sources.

Mr S Fisher  
Executive Headteacher

Mrs C Williams  
Finance Manager

Date reviewed: April 2018

Date for next review: April 2019