



HAYDON SCHOOL

Finance Policy

Mission Statement

Haydon School is committed to the achievement of individual excellence, encouraging students to be creative and considerate, confident of their role in society and capable of rising to the challenges of a diverse and rapidly developing global economy.

Contents

- Introduction
- Organisation
- Risk Register
- Accounting System
- Financial Planning
- Payroll
- Purchasing
- Income
- Cash Management
- Fixed Assets
- Tax
- Audit
- Insurance
- Bad Debts
- Redundant Equipment
- Fraud, Theft and Irregularity
- Leasing
- Borrowing

Appendix 1 - Terms of reference for Finance and
Premises Committee

Appendix 2 - Terms of reference for Audit Committee

Appendix 3 - Single Source Justification Form

Appendix 4 - Authority to Sign Off Expenditure

1. INTRODUCTION

- 1.1 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 our Funding Agreement with the Department for Education (DfE)/Education and Skills Funding Agency (ESFA).
- 1.2 The School must comply with principles of financial control outlined in the academies guidance published by the DfE/ESFA. This policy expands on that and provides detailed information on the School's accounting procedures and system manual which should be read by all staff involved with financial systems.

2. ORGANISATION

- 2.1 The School 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.

The financial reporting structure is illustrated below:

2.2 The Governors

The Governors have overall responsibility for the administration of the School's finances. The main responsibilities of the Governors are prescribed in the Funding Agreement between the School and the DfE, the Articles of Association and in the School's scheme of Internal Delegation. The main responsibilities include:

- o Ensuring that grant from ESFA is used only for the purposes intended
- o Approval of the Annual Budget
- o Appointment of the Head teacher
- o Appointment of the Deputy and Assistant Head teachers and the Director of Finance and Operations in conjunction with the Head teacher

2.3 The Finance and Premises Committee

The Finance and Premises Committee is a committee of the Governors. The Head teacher sits in this committee with voting rights and CFO sits in as the subject matter expert with no voting rights. The Finance and Premises Committee meets five times over the academic year but more frequent meetings can be arranged if necessary. In addition, the committee members

have Financial Improvement Plan meetings prior to each standard committee meeting. These meetings provide an extra layer of assurance and risk management for finance planning

2.4 The main responsibilities of the Finance and Premises Committee are detailed in written terms of reference which have been authorised by the Governors. It is confirmed at the first Finance and Premises Committee Meeting at start of each academic year. Please see Appendix A for the Terms of Reference.

2.5 **The Headteacher (Accounting Officer)**

Within the framework of the School Improvement Plan as approved by the Governors the Head teacher has overall executive responsibility for the School's activities including financial activities. Much of the financial responsibility has been delegated to the Director of Finance and Operations but the Head teacher still retains responsibility for:

- o Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Governors have agreed should be approved by them
- o Authorising orders/contracts between £20,000 and £40,000 in conjunction with the Director of Finance and Operations
- o Authorising BACS payments in conjunction with the Director of Finance and Operations or other authorised signatories
- o The authorised signatories will consist of the Head teacher, the Director of Finance and Operations and the Deputy Head teachers.

2.6 **The Director of Finance and Operations (CFO)**

The Director of Finance and Operations works in close collaboration with the Head teacher through whom the Director of Finance and Operations is responsible to the Governors. The Director of Finance and Operations also has direct access to the Governors via the Finance and Premises Committee.

The main responsibilities of the Director of Finance and Operations are:

- o The day to day management of financial issues including the establishment and operation of a suitable accounting system
- o The management of the School financial position at a strategic and operational level within the framework for financial control determined by the Governors
- o The maintenance and management of effective systems of internal control

- o Ensuring that the annual accounts are internally assured and adequately supported by the underlying books and records of the School
- o Authorising orders/contracts £20,000 or below
- o Authorising BACS payments in conjunction with the Head teacher or other authorised signatories
- o Presentation of monthly management accounts at the Committee meetings
- o Ensuring forms and returns are sent to the ESFA in line with the timetable in the DfE/ESFA guidance
- o Perform the role of Company Secretary

2.7 **The Responsible Officer**

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

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

2.8 The RO will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Governors. A report of the findings from each visit will be presented to the Finance and Premises Committee.

2.9 **The Audit Committee**

The main responsibilities of the Audit Committee are detailed in written terms of reference which have been authorised by the Governors. It is confirmed at the first Audit Committee Meeting at the start of each academic year. Please see Appendix B for the Terms of Reference.

2.10 **Budget Holder**

Budget holder is defined as the staff member who is assigned the responsibility of overseeing the expenditure in a cost centre and authorising the expenditure from the said cost centre. Examples may include a subject head with an allocated budget for their subject, a staff member with the responsibility of overseeing the budget allocated for staff training, etc.

2.11 Other Staff

Other members of staff, primarily the Finance Team and budget holders, will have some financial responsibility. All staff are responsible for the security of School property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the School's financial procedures and the Financial Probity Policy.

2.12 Register of Interests

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

2.13 The register will include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the School. The disclosures will also include business interests of relatives such as parent or partner or business partner where influence could be exerted over a member of the Governors or a member of staff by that person.

2.14 The existence of a register of business interests does not, of course, detract from the duties of a member of the Governors and staff to declare interests whenever they are relevant to matters being discussed by the Governors or a committee. Where an interest has been declared, members of the Governors and staff should not attend that part of any committee or other meeting.

2.15 The Governors, Senior Leadership Team and staff with significant financial or spending powers will declare at the start of each financial year any register of interests which is also a standing item on agendas of all Governors' meetings.

3. RISK REGISTER

3.1 Type of potential risks and mitigating actions are detailed in the Risk Register. This is the strategic risk register for the School.

4. ACCOUNTING SYSTEM

4.1 All the financial transactions of the School must be recorded on the School's accounting system i.e. Sage.

4.2 **System Access Security Controls**

Entry to the Sage system is password restricted and the Network Manager is responsible for implementing a system which ensures that passwords are changed at least every three months.

4.3 Access to the component parts of Sage can also be restricted by the Director of Finance and Operations.

4.4 **Back up Procedures**

Back-up procedures are described in the E-Safety & ICT Policy.

4.5 Emergency Incident Management Plan (EIMP) will be enacted in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by the Governors of the major risks to which the School is exposed and the systems that have been put in place to mitigate those risks. This is to be tested and exercised regularly.

4.6 **Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this Finance Policy.

4.7 Detailed information on the operation of the accounting system can be found on online user manuals or online/telephone help.

4.8 **Transaction Reports**

The Finance Team is responsible for obtaining and reviewing system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- o Master file amendment reports for the payroll, purchase ledger and sales ledger
- o Management accounts summarising expenditure and income against budget at budget holder level (monthly)
- o Bank reconciliations (weekly or sooner if necessary)
- o Other reports as required

4.9 **Reconciliations**

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

- o Sales ledger control account
- o Purchase ledger control account
- o Payroll control account
- o Payroll reports from EPM system (payroll provider)

- o All suspense / control accounts
- o Bank balance per the nominal ledger to the bank statement
- o VAT monthly transaction review and report

These will be printed, checked and signed by the Finance Team. The Finance Team will present these to the Director of Finance and Operations to countersign.

4.10 The Finance Team will bring to the attention of the Director of Finance and Operations any unusual or long outstanding (over 60 days) reconciling items.

5. FINANCIAL PLANNING

5.1 The School has a Five Year Strategic Plan and provides an Annual School Improvement Plan. Risk management plays an integral part of financial planning.

5.2 The medium term financial plan is prepared as part of the improvement planning process. The improvement plan indicates how education and other objectives are going to be achieved within the expected level of resources over the next year.

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

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

5.5 **School Evaluation and Improvement Planning**

Improvement Planning takes place annually and draws upon the evaluation of the School's current performance as well as upon likely internal and external changes that affect the School. The evaluation outlines several 'areas for improvement' over coming years; more detailed plans show what aspects are being tackled in a current year.

5.6 Improvement Planning is also informed by budgetary considerations and significant financial costs are indicated in the Plans and cross-referenced in the Budget.

5.7 Each year the Head teacher will propose a planning cycle and timetable to the Governors which allows for:

- o A review of past activities, aims and objectives – “Did we get it right?”
- o Definition or redefinition of aims and objectives – “Are the aims still relevant?”

- o Development of the plans and associated budgets – “How do we go forward?”
- o Implementation, monitoring and review of the plan – “Who needs to do what by when to make the plan work and keep it on course”
- o Feedback into the next planning cycle – “What worked successfully and how can we improve?”

5.8 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Head teacher.

5.9 The annual cycle of evaluation and development planning is as follows:

Autumn Term:

- o New School budget and new School Evaluation and School Improvement Plans come into effect
- o The School Improvement Plan is presented to the first Full Governors meeting of the year
- o Public Examination reviews (September) – Department Evaluations and Plans are finalised and approved
- o The Governors review Public Examination outcomes against targets set
- o Quality Assurance lesson observations inform further consideration of developments
- o Teachers’ Performance Reviews are informed by identified School needs and, in turn, inform future training needs
- o First evaluation of new Plans and Actions by (a) Senior Leadership Team (SLT) and (b) Governors’ Personnel and Performance Review Committee

Spring Term

- o School Performance data informs evaluation and future actions
- o Evaluation of current Plans and Actions by SLT
- o Quality Assurance lesson observations inform further consideration of developments
- o Initial work on the draft Budget Plan for next academic year
- o First draft of Evaluations for the next year and first consideration of next year’s Improvement Plan actions

Summer Term

- o Evaluation of current Plans and Actions by SLT
- o Performance review lesson observation data available to inform evaluations
- o New School Budget Plan finalised and approved by the Governors
- o New School Evaluation and School Improvement Plans finalised and approved by the Governors

- o Departments complete their new Evaluations and draft their Development Plans

5.10 Members of SLT take responsibility for different sections of the School Evaluation and Improvement Plans document.

5.11 The School Improvement Plan targets and actions become the basis of Leadership Team performance objectives.

5.12 **Annual Budget**

The Director of Finance and Operations is responsible for preparation and obtaining approval for the annual budget. The budget must be approved by the Head teacher and Finance and Premises Committee and ratified by the Full Governing Body.

5.13 The approved budget must be submitted to the ESFA by 26 July each year and the Director of Finance and Operations is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

5.14 The annual budget will reflect the best estimate of the resources available to the School 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.

5.15 The budgetary planning process will incorporate the following elements:

- o Forecasts of the likely number of students to estimate the amount of ESFA grant receivable;
- o Review of other income sources available to the School to assess likely level of receipts;
- o Review of past performance against budgets to promote an understanding of the School cost base;
- o Identification of potential efficiency savings;
- o 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.

5.16 **Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential

surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

5.17 Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance and Operations for approval by the Head teacher and the Finance and Premises Committee and for ratification by the Full Governing Body. The budget (once agreed by the Full Governing Body) should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

5.18 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

5.19 Monitoring and Review

Monthly reports will be prepared by the Finance Team. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Head teacher and the Finance and Premises Committee and at a more detailed level for the Director of Finance and Operations. The most recent accounts will be presented to the Finance and Premises Committee at each meeting. The reports at a minimum will provide information on income and expenditure to date and the projected outturn. The monthly reports are accessible by all members of the Governing Body on the shared Google Doc folders.

5.20 Any potential overspend against the budget must in the first instance be discussed with the Director of Finance and Operations. The accounting system will not allow payments to be made against an overspent budget without the approval of the Director of Finance and Operations.

5.21 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

6. PAYROLL

6.1 The main elements of the payroll system are:

- o Staff appointments
- o Payroll administration
- o Payments

6.2 **Staff Appointments**

The Governors has approved a personnel structure for the School. Changes can only be made to this establishment with the express approval in the first instance of the Finance and Premises Committee who must ensure that adequate budgetary provision exists for any establishment changes.

6.3 The Head teacher has authority to appoint staff acting in accordance with the Recruitment Selection Policy and within the authorised establishment (except for Deputy and Assistant Head teachers and the Director of Finance and Operations (as in section 2.2) whose appointments must follow consultation with the Governors). The personnel files for all members of staff which include contracts of employment are kept securely locked.

6.4 **Payroll Administration**

The School payroll is administered by our contractor Education Personnel Management (EPM) and payroll transactions are entered to Sage. Access to the system is password controlled. Password control procedures and back up arrangements are described in section four of this policy.

6.5 All staff are paid monthly through EPM Payroll.

6.6 Employee absence will be recorded in the payroll system.

6.7 **Payments**

All salary payments are made by BACS.

6.8 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and the total payable amount for the month will be presented by the Finance Team to the Director of Finance and Operations to countersign. This will be reviewed and authorised together with the authority to release payment by the Director of Finance and Operations.

6.9 The Finance Team will 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 will be reviewed and countersigned by the Director of Finance and Operations.

6.10 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.

6.11 The Finance Team will select five employees at random each month and check the calculation of gross to net pay to ensure that the payroll system is

operating correctly. All staff salary payments are reconciled to the budget allocated and actual generated by Sage by the Finance Team. A report confirming this will be printed by the Finance Team from Sage and will be reviewed and countersigned by the Director of Finance and Operations.

6.12 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Team will 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. A report confirming this will be printed by the Finance Team from Sage and will be reviewed and countersigned by the Director of Finance and Operations.

6.13 On an annual basis the Finance Team must check for each member of staff that the gross pay as per their payroll system agrees to the contract of employment held on the personnel file. See also 5.11. A report confirming this will be printed from EPM by the Finance Team and will be reviewed and countersigned by the Director of Finance and Operations.

6.14 **Severance Payments**

In line with the Academy Trust Handbook, the School is able to self-approve the non-statutory/non-contractual element of severance payments up to £50,000 before tax. A business case must be presented to the Governing Body before agreeing a payment, and kept on record.

6.15 Where the payment is above £50,000 gross, the business case must be submitted to the ESFA using the form provided on Gov.uk, and will be subject to HM Treasury approval.

6.16 Where the non-statutory/non-contractual element is on or over £50,000 before tax, prior approval from ESFA must be sought before the School makes any binding offer to staff. The business case must be submitted to the ESFA using the form provided on Gov.uk, and will be subject to HM Treasury approval.

6.17 Where an approval is given, this must be recorded in the notes of the Financial Statements.

6.18 **Ex-Gratia Payments**

Other than those stipulated by contract, all ex-gratia payments must be approved by the Governing Body, before submission to ESFA for approval, supported by a business case.

7. PURCHASING

7.1 The School wants to achieve the best value for money for all purchases. This means obtaining the correct quality, quantity and time at the best price possible. We understand the need to pay no more than the cost for goods and services. These purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

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

7.2 Alcohol Purchase

The School funds must not be used to purchase alcohol, other than for medical, educational, (such as the teaching of chemistry or biology) and religious purposes.

7.3 Expenditure for any purchases of alcohol for anything other than those listed above will not be reimbursed.

7.4 Related Party Transactions

The Governing Body must declare all contracts and other agreements with related parties to ESFA in advance of the transaction taking place, using ESFA's related party transactions on-line form found on the .GOV website.

7.5 The Governing Body must seek approval for contracts and other agreements with related parties in line with the Academy Trust Handbook limits.

7.6 Guarantees, Indemnities or Letter of Comfort

The School will need to obtain ESFA approval for guarantees, indemnities and letters of comfort over the delegated limits:

- o 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- o Cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for the School that has not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new Academies that have not had the opportunity to produce two years of audited accounts.
- o Cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for the School that has submitted timely, unqualified audited accounts for the previous two financial years.

7.7 **Novel, Contentious and Repercussive Transactions**

Novel transactions are those of which the School has no experience, or are outside their range of normal business.

7.8 Contentious transactions are those that might cause criticism of the School by Parliament, the public or the media.

7.9 Repercussive transactions are those likely to cause pressure on other Schools to take a similar approach and hence have wider financial implications.

7.10 Novel, contentious and repercussive transactions to be made by the School must always be presented to the Governing Body and approved prior to submission to the ESFA for approval before the payment can be made.

7.11 HM Treasury reserves the right to reject any such payments.

7.12 **Routine Purchasing**

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for.

7.13 Orders between £5,000 and £20,000 will be subject to three quotations where possible.

7.14 All orders must be made using the official order form. Orders must bear the signature of the budget holder and must be forwarded to the Finance Team where the Finance Team will check to ensure adequate budgetary provision exists, allocate a reference number before passing to the Director of Finance and Operations to authorise the order. No orders can be made without the signature of the Director of Finance and Operations.

7.15 Orders signed by the Director of Finance and Operations are recorded in Sage and sent to the supplier by the Finance Team.

7.16 The Finance Team must make appropriate arrangements for the delivery of goods to the School. 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 Finance Team and the supplier of the goods without delay.

- 7.17 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Team will keep a central record of all goods returned to suppliers.
- 7.18 All invoices should be sent to the Finance Team without delay.
- 7.19 The Finance Team will obtain authorisation for payment from the budget holder before inputting the invoices on to Sage.
- 7.20 At the end of every week or more often if required, the Finance Team will review the invoices due for payment. Cheques/BACS will be raised and authorised by two of the authorised signatories. Authorised signatories must not sign a cheque/approve BACS relating to goods or services for which they have also raised the order for.
- 7.21 Cheques/BACS will be dispatched to suppliers by the Finance Team.
- 7.22 At least three written quotations must be obtained for all orders between £20,000 and £49,999 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and forwarded to the Finance Team by budget holders for audit purposes.
- 7.23 Very occasionally it is not possible to get three quotations due to the nature of the good or service being provided. On such occasions a “Single Source Form” will be completed. See Appendix C
- 7.24 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Competitive tendering can be considered below this figure, in the interests of best value.

7.25 **Forms of Tenders**

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

- o **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Finance and Operations 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.

- o **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - o There is a need to maintain a balance between the contract value and administrative costs,
 - o 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,
 - o The cost of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- o **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - o The above methods have resulted in either no or unacceptable tenders,
 - o Only one or very few suppliers are available,
 - o Extreme urgency exists,
 - o Additional deliveries by the existing supplier are justified.

7.26 **Preparation for Tender**

Full consideration should be given to:

- o Objective of project
- o Overall requirements
- o Technical skills required
- o After sales service requirements
- o Form of contract

7.27 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.

7.28 **Invitation to Tender**

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.

7.29 An invitation to tender should include the following:

- o Introduction/background to the project
- o Scope and objectives of the project
- o Technical requirements
- o Implementation of the project
- o Terms and conditions of tender
- o Form of response

Aspects to Consider

Financial

- o Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision
- o Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- o Is there scope for negotiation?

Technical/Suitability

- o Qualifications of the contractor
- o Relevant experience of the contractor
- o Descriptions of technical and service facilities
- o Certificates of quality/conformity with standards
- o Quality control procedures
- o Details of previous sales and references from past customers

Other Considerations

- o Pre sales demonstrations
- o After sales service
- o Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

7.30 Tender Acceptance Procedures

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

7.31 Tender Opening Procedures

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

- o For contracts up to £50,000 – the Director of Finance and Operations and the Head teacher

- o For contracts over £50,000 – the Director of Finance and Operation, the Head teacher plus a member of the Finance and Premises Committee.

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

7.33 **Tendering Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. The evaluation may be delegated to a special consultant if it is deemed more appropriate by the Finance and Premises Committee.

7.34 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.

7.35 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Finance and Premises Committee highlighting the relevant issues and recommending a decision. For contracts between £25,000 – £49,999 the decision and criteria should be reported to the Finance and Premises Committee.

7.36 Where required by the conditions attached to a specific grant from the ESFA, the ESFA's approval must be obtained before the acceptance of a tender.

7.37 The accepted tender should be the one that is economically most advantageous to the School. This does not mean the cheapest. All parties should then be informed of the decision.

8. INCOME

8.1 The main sources of income for the School are the grants from the ESFA. The receipt of these sums is monitored by the Finance Team who is responsible for ensuring that all grants due to the School are collected.

8.2 The Academy also obtains income from:

- o Students, mainly for trips
- o The public, mainly for sports lettings
- o Certain local charities

8.3 **Trips**

Trips are administered in accordance with the Learning Outside the Classroom Policy.

8.4 Using Evolve the trip organiser of the trip must obtain an outline approval before proceeding any further.

8.5 The Educational Visits Co-ordinator (EVC) or the Director of Finance and Operations (in their absence) must approve the contract and provider's T&Cs before the trip organiser enters into a contract with the provider. If the trip organiser enters into a contract without such authority, they may risk disciplinary action or be personally liable for any costs involved.

8.6 The EVC is responsible for the collection of sums due for each trip. The EVC will prepare a record for each student intending to go on the trip showing the amount due, in conjunction with the Finance Team.

8.7 Students should make payments via parent pay.

8.8 **Lettings**

The Marketing and Development Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. A deposit must be made in advance for the use of facilities. Income must be allocated within the correct financial year and notified to the Finance Team if outstanding at year end.

8.9 The Marketing and Development Manager generates invoices using the lettings software and members of the finance team have access to this software and are responsible for chasing outstanding debts.

8.10 No debts should be written off without the express approval of the Governors (the ESFA's prior approval is also required if debts to be written off are above the values set out in the annual funding letter). (See also section 14 of this policy).

8.11 Organisations using the facilities should be instructed to make online payments instead of cheques if possible.

8.12 **Custody**

A receipt must be issued for any cash/cheque received by the Finance Team. All cash and cheques must be kept in the Finance Team safe prior to banking. Banking should take place in enough frequency not to exceed the insurance limit on the Finance Team safe.

8.13 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

9. CASH MANAGEMENT

9.1 Bank Accounts

The opening of all accounts must be authorised by the Governors who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and any arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

9.2 Deposits

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

- o The amount of the deposit and
- o A reference, such as the number of the receipt or the name of the debtor

9.3 Payments and Withdrawals

All BACS and other instruments authorising withdrawal from School's bank accounts must bear the signatures of two of the following authorised signatories:

- o The Head teacher
- o The Director of Finance and Operations
- o The Deputy Head teachers

9.4 This provision applies to all accounts, public or private, operated by or on behalf of the Governors of the School.

9.5 Administration

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

- o All bank accounts are reconciled to the School's cash book
- o Reconciliations are prepared by the Finance Team
- o Reconciliations are countersigned by the Director of Finance and Operations
- o Adjustments arising are dealt with promptly

9.6 **Petty Cash Accounts**

The School maintains a maximum cash balance of £1,000. The cash is administered by the Finance Team and is kept in the Finance Team safe.

9.7 **Deposits**

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

9.8 **Payments and Withdrawals**

In the interests of security, petty cash payments will be limited to £100. Higher value payments should be made by cheque directly from the main bank account. All payments must be supported by VAT invoices/receipts and must be signed for by recipient.

9.9 **Administration**

The Finance Team is responsible for entering all transactions into the petty cash records and they will undertake regular cash counts to ensure that the cash balance reconciles to supporting documentation. These will be recorded and presented to the Director of Finance and Operations to countersign.

9.10 **Physical Security**

Petty cash should be held in a locking cash box which is kept in the safe overnight.

9.11 **Cash Flow Forecasts**

The Finance Team is responsible for preparing cash flow forecasts to ensure that the School has sufficient funds available to pay for day to day operations.

9.12 **Investments**

Investments must be made only in accordance with written procedures approved by the Governors.

9.13 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.

10. FIXED ASSETS

10.1 Asset Register

All items purchased with a value over the School's capitalisation limit must be entered in an asset register. The member of staff named as responsible for the asset in the Asset Register, is required, on a yearly basis, to check the register and report any discrepancies to the Finance Team.

The asset register should include the following information:

- o Asset description
- o Asset number
- o Serial number
- o Date of acquisition
- o Asset cost
- o Source of funding (% of original cost funded from Education and Skills Funding Agency (ESFA) grant and % funded from other sources)
- o Expected useful economic life
- o Depreciation
- o Current book value
- o Location
- o Name of member of staff responsible for the asset

10.2 The Asset Register helps to:

- o Ensure that staff take responsibility for the safe custody of assets
- o Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- o Manage the effective utilisation of assets and planning for their replacement
- o Informs resource planning
- o Help the external auditors to draw conclusions on the annual accounts and the School's financial system
- o Support insurance claims in the event of fire, theft, vandalism or other disasters

10.3 Security of Assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

10.4 All the items in the register should be permanently and visibly marked as the School's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governors. Inventories of School property should be kept up to date and reviewed

regularly. Where items are used by the School but do not belong to it this should be noted.

10.5 **Disposals**

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Finance and Operations and, where significant, should be sold following competitive tender.

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

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

10.8 All disposals of land and buildings must be agreed in advance with the ESFA.

10.9 **Loan of Assets**

Items of School property must not be removed from School premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in School when it is returned.

10.10 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 School's auditors.

11. **TAX**

11.1 The School is not registered for VAT purposes as business activity does not currently nor is it expected to exceed £85,000 in forthcoming 12 months. See www.hmrc.gov.uk.

11.2 VAT claims are made to the HMRC every month. Claims will be made only for invoices in the name of the School.

11.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

12. AUDIT

12.1 The School has appointed Cooper Parry (Company Number: 07795137) as its auditors for the financial year 2020-2021. Their address is Mindspace, 9 Appold Street, EC2A 2AP.

13. INSURANCE

13.1 The School reviews all risks annually to ensure the cover available and the sums insured are adequate.

13.2 The School will notify the insurers of any new risks or any other alterations affecting existing insurance.

13.3 The School will not give any indemnity to a third party.

13.4 The School will immediately advise the insurers of any accident, loss or other incident which may give rise to an insurance claim.

14. BAD DEBTS

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

14.2 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.

14.3 All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:

- 3 weeks from due date of the invoice – 1st reminder
- 6 weeks from due date of the invoice – 2nd reminder
- 8 – 10 weeks from due date of the invoice – Final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

After 10 weeks 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.

14.4 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:

- o The Director of Finance and Operations on behalf of the School must obtain ESFA's approval for writing-off debts beyond the delegated limits (delegated by ESFA).
- o Those debts *below* the delegated limits can be approved and written off by the Finance and Premises Committee and can be reported to the next meeting of the Full Governing Body.

14.5 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 and Customs statutory requirements.

14.6 The School will retain a Bad Debt-Write-Off Summary.

15. REDUNDANT EQUIPMENT

15.1 The Governors have the authority to declare equipment, furniture or other assets as surplus to requirements and to make arrangements for their sale or write off, provided that the items concerned were purchased in whole or in part with a grant from the Secretary of State for Education.

15.2 A Disposal of equipment form will be completed for all items which are to be disposed of and internal control will be exercised to ensure that the asset is no longer of use (i.e. it is obsolete) and that obsolete stocks are destroyed to ensure they are not illegitimately procured and then resold.

15.3 Where the estimated disposal value of surplus or redundant assets (equipment) is less than £500 or sale is to be by public auction or competitive tendering, disposal can be authorised by the Head teacher.

15.4 The prior approval of the Governors will be required if:

- o The estimated disposal value is above £500 and the sale is not to be public auction or competitive tendering
- o The estimated disposal value is about £500 or
- o The sale is to be to a Governor or employee of the School

16. FRAUD, THEFT AND IRREGULARITY

16.1 The School must notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud, regardless of value, must also be reported.

17. LEASING

17.1 There are two types of lease:

- o Finance leases: these are a form of borrowing
- o Operating leases: these are not borrowing

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

- o Taking up a finance lease on any asset for any duration from another party, which are subject to the borrowing restrictions as described in Academy Trust Handbook
- o Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- o Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

17.3 Other than the above, the School does not require ESFA's approval for operating leases.

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

18. BORROWING

18.1 The School must obtain ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable. Credit cards must only be used for business expenditure, and balances cleared before interest accrues.

18.2 However, the School will only be granted permission for borrowing in exceptional circumstances, such as schemes introduced by the Secretary of State to meet broader policy objectives – for example the Department's Condition Improvement Fund for capital projects, and the Salix scheme that supports energy saving.

APPENDIX A – This appendix will be updated in autumn term with the new terms and reference

**HAYDON SCHOOL
GOVERNORS FINANCE AND PREMISES COMMITTEE
TERMS OF REFERENCE
2021-2022**

Membership:

Not less than four Governors plus the Headteacher or designated deputy.

Quorum:

Three Governors plus the Headteacher or his designated deputy.

Meetings:

The Committee will meet at least once per term prior to the Full Governing Body meeting and otherwise as required.

The Committee will receive reports from the School in sufficient detail to undertake planning, monitoring and evaluation and thus enable it to fulfil its strategic role. Whenever possible reports will be used in common across the School.

Terms of reference:

- o In consultation with the Headteacher to draft the first formal budget plan of the financial year for presentation to the Governing Body.
- o To establish and maintain an up to date 3 year financial plan reflecting school priorities including staffing plans and plans relating to repair, maintenance and development of premises and to recommend action on these plans to the Governing Body.

- o To ensure that the Governing Body agrees financial procedures and controls, including audit, and to monitor implementation in the School.
- o To agree an effective procedure for monitoring the budget, to consider appropriate reports for the purposes of monitoring, to report the outcomes of monitoring together with an evaluation of the use of resources to the Governing Body and make any appropriate recommendations.
- o To agree the level of delegation to the Headteacher for the day to day financial management of the School.
- o To make decisions on expenditure following recommendations from other Committees.
- o To monitor the Health and Safety Policy to ensure that it complies with legislation and that appropriate checks and assessments are carried out and prioritised for necessary action.
- o To advise the Governing Body on priorities, including Health and Safety, for the maintenance and development of the School premises.
- o To oversee arrangements for exceptional repairs and maintenance.
- o In consultation with the Headteacher oversee premises related funding bids.
- o To review at each meeting the report prepared by the Director of Finance and Operations and make any necessary recommendations.
- o To agree and monitor capital projects and expenditure
- o To review the accident report at each meeting
- o To monitor items on Risk Register relevant to this committee
- o **To review other policies – to be named.**
- o To review the SIP as necessary and suggest items for the Audit Committee.

These terms of reference agreed by the Governing Body on 18 October 2021

Governors on Committee:

- o Steven Edwards
- o Claire Hilton
- o Tanya Huehns
- o Robert Jones
- o Janet Keal
- o Robert Kirk
- o Sandeep Kumar
- o Sandeep Palmer
- o Paras Shah
- o Giuseppe Schettino

Chair of Committee:

- o Giuseppe Schettino

Vice Chair of Committee:

- o Steven Edwards

In attendance

- o Beyhan Ercan - Director of Finance and Operations

Date of review: October 2022

**TERMS OF REFERENCE
POLICIES RELATING TO FINANCE & PREMISES COMMITTEE**

Policy	Statutory / Non-Statutory
Charging Remissions	Statutory
Emergency Plan & Map	Statutory
E-Safety and ICT Policy	Non-Statutory
Finance	Statutory
Financial Probity	Non-Statutory
First Aid	Statutory
Gifts & Hospitality	Non-Statutory
Governors Expenses Policy	Non-Statutory
Health & Safety	Statutory
Hire	Non-Statutory
Investment	Non-Statutory
Lock Down Procedure	Statutory
Minibus	Non-Statutory
Reserves	Non-Statutory
Risk Management	Non-Statutory
Risk Register	Statutory
Surveillance and CCTV Policy	Non-Statutory

APPENDIX B - This appendix will be updated in autumn term with the new terms and reference

**HAYDON SCHOOL
AUDIT COMMITTEE
TERMS OF REFERENCE
2021-2022**

Membership:

Not fewer than four Governors plus the Headteacher or designated deputy.

Quorum:

Three Governors plus the Headteacher or designated deputy.

Meetings:

The Committee will meet once per term or as required.

The Committee will receive reports from the School in sufficient detail to undertake planning, monitoring and evaluation and thus enable it to fulfil its strategic role and, whenever possible, reports will be used in common across the School, ensuring compliance of all legislation.

Terms of reference:

- o To recommend to the Governing Body a framework of effective audit coverage, having reviewed the external audit processes and any internal audit that has taken place;
- o To advise the Governing Body on the minimum and optimum level of external and internal audit arrangements;
- o To ensure that regular audits are carried out in the following areas: legal, risk, financial (including statutory annual audits, VAT, PAYE, procurement, payments and contracts), health and safety (including equipment), safeguarding of students and staff and monitoring of contractors performance, investments and insurance, examination irregularities, safer recruitment processes and to contribute to these reviews;

- o To monitor external and any internal audit reviews and to advise the Governing Body accordingly;
- o To investigate on behalf of the Governing Body any matter that may put the school at risk;
- o To examine reports on special investigations and to advise the Governing Body accordingly;
- o To consider the appropriateness of executive action following any internal audit reviews and to advise senior management on any additional or alternative steps to be taken;
- o To ensure that there is coordination and a good working relationship between any external audit and any internal audit activity;
- o To encourage a culture within the school whereby each individual feels that he or she has a part to play in guarding the probity of the school, and is able to take any concerns or worries to an appropriate member of the management team or in exceptional circumstances directly to the Chair of the Audit Committee;
- o To provide minutes of all audit committee meetings for review at meetings of the Governing Body;
- o Effectiveness of internal financial controls and risk management arrangements;
- o To monitor the security of assets including an asset register;
- o To audit and moderate the process of performance related pay.

External audits

- o To determine the frequency of tendering for external auditing services;
- o To consider tenders for the external auditing services and recommend to the Governing Body which firm should carry out the annual external audit of the statutory accounts of the school;
- o To scrutinise and advise the Governing Body on the contents of the draft audit report and of any management letter that the auditors may wish to present to the Governing Body, and to formulate for the Governing Body's use any written representations that may be needed by the auditors in connection with the school's statutory accounts or any other financial statements;
- o To discuss with the external auditors any problems or reservations arising from the draft external audit report and draft management letter, reporting relevant issues back to the Governing Body, and advising the Governing Body accordingly;
- o To review the performance of the school's auditors and advise the Governing Body on any changes that ought to be made to their terms of engagement;
- o To obtain any necessary external professional advice to enable the audit committee to carry out its responsibilities more efficiently.

These terms of reference agreed by the Governing Body on 21 January 2021:

Governors on Committee:

- o Steven Edwards
- o Tanya Huehns
- o Sandeep Kumar
- o Janet Keal

Chair of Committee:

- o Steven Edwards

Vice Chair of Committee:

- o Sandeep Kumar

Date of review: October 2022

APPENDIX C

HAYDON SCHOOL
SINGLE SOURCE JUSTIFICATION FORM



This form should be completed where single sourcing is proposed. It should be retained for Audit purposes to justify any decision not to comply with the procedures laid down in the Finance Policy. Please forward a fully completed copy of this form, along with the returned *Request for Quotation* to the Director of Finance and Operations prior to proceeding with the engagement of the Supplier.

Department:			
Recommended Supplier:			
Estimated Total Value (ex VAT): (including training, maintenance etc.)			€
Brief Description of Requirement:	Goods <input type="checkbox"/>	Services <input type="checkbox"/>	Consultancy <input type="checkbox"/>
Duration:	One-off Purchase <input type="checkbox"/>	Set Period <input type="checkbox"/> (please stipulate)	

Justification – Reason for Single Source:

You must enter a full explanation below as to why single sourcing has to be undertaken, simply stating 'only supplier/provider of...' will be deemed as insufficient.

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Single Sourcing Recommended by: *(Buyer with appropriate level of Purchasing Authority)* This **must** be signed before being forwarded to the Director of Finance and Operations.

Name:		Signature:		Date:	
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Supported by Head of Department: *(or appropriate budget holder)* This **must** be signed before being forwarded to the Director of Finance and Operations. You will ensure that the spend with this Supplier does not go beyond 10% of the estimated value stated.

Name:		Signature:		Date:	
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HAYDON SCHOOL USE ONLY:

Director of Finance and Operations to discuss with Chair of Finance & Premises Committee

Justification Accepted: <input type="checkbox"/>	Justification Challenged: <input type="checkbox"/>
Reason for Challenge:	

Justification Accepted after Challenge: <input type="checkbox"/>	Justification Withdrawn: <input type="checkbox"/>				
Name:		Signature:		Date:	
Chair of F&P Committee					

Appendix D

Authority to Sign Off Expenditure

Governors	Overall responsibility
Finance and Premises Committee	>£40K
Headteacher (Accounting Officer)	>£20K ≤£40K – in conjunction with CFO
Director of Finance and Operations (CFO)	≤£20K

Document History

Date	Status	Comments
September 2014	New	New document written. To Finance and premises committee. 30.09.14. Approved. To FGB for ratification 01.12.14 – Approved
May 2016	Updated	To F & P 22.06.16 – Approved – to FGB 12.07.16 Approved
April 2017	Updated	Updated to reflect the new role of the Director of Finance and Operations To F&P 20.06.2017. Approved – to FGB 05.07.17 Approved
October 2018	Updated	To F&P 15.10.18. Approved. To FGB 10.12.18 for ratification. Approved
October 2019	Updated	To F&P 14.10.19. Approved To FGB 5.12.19 for ratification. Approved
October 2020	Updated	To F&P 19.10.20 and 25.11.2020 To FGB 3.12.2020 for ratification. Approved
September 2021	Updated	To F&P on 18 October 2021 – Approved To FGB for ratification 09.12.21
June 2022	Updated	To F&P on 23 June 2022 To FGB on 20 July 2022
Next Review Date: June 2023		