



Financial Management Policy and Procedures

Newbury Academy Trust

March 2018

Financial Management Policy and Procedures

1. Introduction

- 1.1. "Academy", "Academy Trust" all refer to Newbury Academy Trust, Love Lane, Newbury, Berkshire, RG14 2DU. School refers to one of the three schools within the Newbury Academy Trust, Trinity School, Love Lane, Newbury, Berkshire, RG14 2DU; Fir Tree School, Fir Tree Lane, Newbury, Berkshire, RG14 2RA; Speenhamland School, Pelican Lane, Newbury, Berkshire, RG14 1NU.
- 1.2. The term Governor refers to both Full Governing Body Trustees and Local Governing Body Governors.

2. Purpose and background

- 2.1. The Trust receives on an annual basis a financial allocation from The Education Funding Agency ("EFA"), together with additional monies available through Education Support Grant (ESG) and direct government grants. This policy and procedures determine the framework within which the Newbury Academy Trust (NAT) conducts its finances, the delegation of responsibility and the methods of operation, so that all parties concerned are aware of their duties and responsibilities and that sound internal and financial controls are maintained in accordance with the Academies Financial Handbook. The implementation of appropriate practice and procedures will ensure the best use of funds available to enhance the education of the NAT's children and students.
- 2.2. The operation of the NAT's school fund is determined by a separate policy and set of rules, but is however also subject to the same principles as set out here.

3. Policy objectives

- 3.1. The NAT adopts, will comply with, and ensure that staff are made aware of as required, the regulations and guidelines as published by the EFA in the Financial Handbook. The NAT will also comply with the EFA, Companies House, SORP and Audit Commission regulations and guidelines for budget management, and the spending and receipt of monies, including GAG and direct government grants. It will operate in accordance with the requirements and standards laid down in the Academies Financial Handbook, the DfE, EFA and the Auditors.
- 3.2. The Trustees will set an annual budget for income and expenditure. It will publish, as required, annual statements relating to the quality of the Trust's internal controls and best value achieved in the use of income and expenditure.
- 3.3. The Trustees have delegated to the Executive Headteacher the management of the budget and the virement of funds (see the delegation appendix 1 below) and will take due account of the advice given by the Executive Headteacher in respect of financial matters. The signing of cheques and other bank instructions is delegated to trust staff in line with appendix 1. The Trustees

note and approve the Executive Headteacher's allocation of financial duties to staff so as best to achieve separation to ensure probity, and that shadowing of duties occurs to provide continuity in the event of absence.

- 3.4. When setting the budget the Trustees shall consider the aims and objectives of the schools within the Trust and their School Development Plans (SDP) and ensure that the budget and financial processes of the schools within the Trust support and reflect these as far as possible.
- 3.5. In setting the budget, the Trustees will take due account of the need to resource the management and administration of the Trust's finances and to ensure, through regular review, that staff resource and competence is sufficient, and is supported through appropriate development and training.
- 3.6. All material budgetary decisions will be communicated between all relevant and interested Trust staff and the Trustees on a regular and timely basis, to ensure that the financial context of the schools is understood and that necessary actions are implemented. This policy is available to staff from the Finance Office.
- 3.7. The NAT has in place rules for the procurement of goods and services to obtain best value from the resources available (see appendices below). A statement of best value is incorporated in the published annual accounts by the NAT.
- 3.8. Finance staff are given clear guidance to ensure that effective and robust financial and accounting procedures are adhered to (see appendices below).
- 3.9. The NAT has in place procedures for the recording of assets to a value over £1,000.00.
- 3.10. All Trustees, Governors and those staff with financial responsibilities will declare any pecuniary or personal interest annually through the Register of Business interests maintained by the NAT. Trustees, Governors and other attendees will be required to declare any such interest relating to any meeting agenda item at the start of that meeting.
- 3.11. No indemnity of any sort may be given to the benefit of a third party.

4. Management of policy

- School:** This policy is implemented and managed by the Executive Headteacher and Finance Manager, with reference to the senior management team as necessary. It will be circulated to all staff with financial responsibility on an annual basis who will sign a check list to confirm that they have read and understood the document and its appendices.
- Trustees:** The Trustees review and agree amendments to this policy on a regular basis.

5. Associated policies, documents and remits

School Development Plans for all schools within the Trust
Statement of Internal Control and best value statements
Charging policy
Lettings policy
School fund Policy
Risk Register
Expenses Policy
Hardship Policy
6th Form Bursary

6. Practice and procedures

6.1. This policy is to be read in conjunction with the attached appendices.

Appendix 1

1. DELEGATION AND THE MANAGEMENT AND VIREMENT OF FUNDS

- 1.1. Subject to the terms of this policy and its appendices, the Trustees delegate to the Executive Headteacher (or in his/her absence the Associate Headteacher) authority to make purchases, decide upon quotations received and enter into financial commitments, income-generating activity and to vire monies within the set annual budget. In doing so it will authorise as necessary the lists of authorising school staff and their appropriate limits of authority provided to the EFA. The Executive Headteacher may delegate the aspects of day-to-day administration to the Finance Manager, Associate Headteacher or Deputy Headteachers.
- 1.2. The Trustees will review the school budget at least twice a year, in line with its remit, and agree any action where appropriate in relation to (a) budget variances, anticipated expenditure and income, and (b) any significant virements made or anticipated where, in both cases, the amount is greater than £100,000. Below this level the Executive Headteacher has full authority to agree budget variances and virements without reference to the Trustees. Virement will be subject to any 'ring-fencing' restrictions.
- 1.3. Authorisation is given for the Executive Headteacher, relevant Associate Headteacher and the Finance Manager to sign cheques and other instructions to the school's bank account. Executive Headteacher, Finance Manager and Finance Officer are authorised for BACS payments. Two signatories shall always be required for both payments by cheque and BACS.

2. THE PROCUREMENT OF GOODS AND SERVICES

2.1. Placement of orders

A formal order on paper or electronically by email to finance@trinity.newburyacademytrust.org shall be sent to procure all supplies and services in each case except in certain specific circumstances. These are stated later in this policy.

2.2. Choice of supplier

- (a) In all cases any purchase or service contract must comply with Health & Safety and EC regulations where applicable.
- (b) The principles of obtaining 'best value' will apply and in particular:
 - i) For supplies and services with a total contractual value below £5,000 the school may select one supplier without obtaining competitive quotations.

Where a sequence of small orders is likely to be placed with one supplier a check of their pricing against competitors should be made annually.

- ii) For supplies and services with a total contractual value between £5,000 and £50,000 a minimum of three quotations shall be obtained, except where the nature of the purchase and/or the range of suppliers and/or the timescale precludes this, in which case this will be brought to the attention of the Executive Headteacher for consideration and approval and the reason for this shall be documented with the order. Quotations will be reviewed by and a decision to order made by the Executive Headteacher or a member of staff with his delegated authority. Internet and catalogue quotations should be suitably documented for future reference.
- iii) For supplies and services with a total contractual value of over £50,000 the nature of the contract requires additional procedures, including a formal tender mechanism. The Trust will comply with the DFE's Contract Rules of procedure. The Trustees will be advised in each case and have oversight of the procurement process.
- iv) The most cost beneficial quotation will normally be accepted and if not, best value reasons for accepting a more expensive quote will be documented with the order.

3. Instructions to staff on Financial Procedures

Table of responsibilities and short term cover arrangements

Member of Staff	Requisitions / Purchase Orders	Payments by cheque	Payments by BACS
Executive Headteacher	Signing	Authorising	Authorising
Associate Headteacher Trinity	Signing	Authorising	
Budget Holder	Signing		
Finance Manager	Absence cover - processing	Authorising – Absence cover processing	Authorising
Finance Officer	Processing		Reviewing / Authorising
Finance Assistant	Processing	Processing	Processing

4. Recording of transactions and accounting

- 4.1. All financial transactions, journals and virements must be properly recorded without undue delay on the Trust's HCSS Accounting computer system. The HCSS Accounting system is password protected and the ICT Manager is responsible for ensuring that daily backups are taken.

5. Budget management and monitoring

- 5.1. The Finance Manager will monitor the budget and on a monthly basis reconcile the accounts and produce monthly management accounts using the HCSS Accounting computerised accounting system and annually closedown HCSS Accounting on a timely basis ensuring that carry forward figures have been agreed by the auditors. He/she will produce reports as required by the Executive Headteacher and Governors including the latest HCSS Accounting data, summary of main issues together with the basis on which the figures are presented and his/her explanation of any variances. Meetings to review the budget position will take place with the Executive Headteacher on a monthly basis. Reports for the Governors should be prepared, to be sent with each meeting's agenda at least a week in advance. The Committee will need to be informed of the expectation of the school's outturn positions for the financial year, robustly based on information held to date, in order to make any necessary consequent strategic budget management decisions, which will be presented at the following full governors meeting for approval. The Finance Manager will be aware of all meetings of the school's SLT whenever financial considerations are relevant and provide a constant input in relation to school business management considerations. School budget holders should receive up-to-date reports from HCSS Accounting of their budget position on a monthly basis. Instruction in budget management and report interpretation will be the responsibility of the Finance Manager.

6. Orders for goods and services

- 6.1. Requests to order goods and services must be made using the standard School Requisition form and signed by the school budget holder. In the case of any more complex transaction the advice of suitably qualified persons must be obtained in order that all considerations regarding pricing, specification, health and safety, etc can be taken into account.
- 6.2. Copies of all orders and supporting documentation shall be kept and recorded promptly in the school's accounts. A termly check of outstanding orders shall be made and any erroneously outstanding orders removed.
- 6.3. A formal computer generated order (marked confirmation of order if appropriate) on paper signed by an authorised signatory (as reflected in the list of authorising officers) will always be sent to procure supplies and services in each case and a copy of the requisition retained in the Finance office with copies of relevant documentation, including quotations. The only exceptions are when:

- 1) For amounts up to £200, expenditure claims may be made by staff with prior written authority from the relevant budget holder. They should be limited to those occasions when direct staff purchase is the only practical option. Related staff expenses claims must be attached to a slip and signed by the budget holder.
- 2) Expenses and timesheets (claim for additional hours) must be presented for payment and dealt with as soon as possible. Claims older than six weeks will not be accepted by finance, approval from Headteacher will be required to process the claim. Fully completed and authorised expenses claim /timesheet received by finance by the 10th of the month will be included in the payroll for the month (e.g. expenses claim received by 10 November will be processed in November payroll). All expenses claims must have full appropriate invoices or receipts attached evidencing purchase and so that VAT can be reclaimed whenever possible. Staff or pupil personal purchases cannot be processed through the school's accounts nor can personal cheques be encashed.
- 3) In cases of emergency a supplier may be called to the school to undertake work. The commitment must then be ascertained and recorded on Purchase Order requisition form as soon as possible. Finance will raise and submit Purchase order number to supplier as a matter of urgency

All order requests for individual items of £5,000 or more require at least three quotations as described under Choice of supplier above.

7. Invoices and payment

- a) Invoices for payment must be originals or certified copies and fulfil VAT requirements. All invoices must be signed off authorising payment by the budget holder unless a blue voucher has already been signed, after being checked off against the requisition. Invoices with quoted purchase order number will be processed for payment. This applies to all invoices with exception of invoices for utility bills and those paid by direct debit.
- b) Invoices should be checked for arithmetic accuracy. No invoice should be paid whose value exceeds 5% more than the original order price without reference to the budget holder. Service, contract and utility invoices should be checked against preceding payments to ensure periodic continuity without overlap.
- c) Paid invoices must all be filed alphabetically by supplier and a check made that all invoices are present.
- d) The payment of invoices will be made twice a month and a bank reconciliation completed at least monthly. VAT returns will be completed monthly and sent to HMRC for reimbursement. The bank account should not be allowed to overdraw and its level reviewed regularly to ensure that it meets the school's cash flow needs.

8. Security

- a) No more than a total of £2000 public funds and school funds cash shall be held in the safe without approval of the Executive Headteacher.
- b) All cheque books, franking cards and secure boxes must be stored in the safe, which must be kept locked except when in immediate use. Hard copy financial records and vouchers should be kept in the Finance office and be clearly identifiable, the office being fully secured when not in use.

- c) Safe key holders are the Finance Officer and Finance Manager. In the absence of both of these keys will be given temporally to the Executive Headteacher.
- d) All portable and valuable items must be security coded using asset labels.

9. Bank Accounts, authorisations, income and banking

- a) Copies of all bank mandates and lists of authorising officers will be held in a secure location in the Finance office but to allow easy access for reference.
- b) Bank accounts will be reconciled once a month. Reconciliation will be prepared by Finance Officer and signed by the Finance Manager. Bank Statements will be provided as an evidence for bank reconciliation sign off.
- c) All collections of income by cheque or otherwise in per item shall be evidenced by a suitable voucher signed by the member of staff paying in, properly and individually annotated on bank pay in slips and be immediately receipted and lodged in the safe pending processing.
- d) Invoices, including those for lettings (terms of payment -due on receipt) and other claims for funding will be issued/raised promptly and payment chased effectively until received.
- e) All cheques and cash must be banked within one week of receipt. No monies due to the main school budget (including lettings income) may be banked into staff or other third party (including school fund) bank accounts under any circumstances.
- f) Both BACS / cheque payments and other instructions to the bank must be signed by two of the authorised signatories. Cheque signatories will scrutinise and confirm relevant voucher documentation before signing cheques. Only manuscript signatures are allowed.
- g) Uncleared cheques older than 6 months for the value up to £200 will be written off with the evidence on the bank reconciliation statement. Additional formal consent of the Executive Headteacher is required for the amount exceeding £200.
- h) The writing off of any amounts due to the school shall only be made with the formal consent of the Executive Headteacher.
- i) A copy of each lettings contract/hirers agreement generated through 'Booking Pro' and the corresponding invoice will be filed to provide an audit trail to the paying in slip.

10. Overspends

- 10.1. The approval of overspends by a budget holder can only be given by the Executive Headteacher.

11. Inventories- the recording of assets

- 11.1. An assets register will be maintained throughout the year and reviewed annually as part of the year end process. The register will contain make, model, serial number, date acquired, date disposed of and purchase cost for assets valued over £1000.00. The disposal of any assets must be authorised by the

Executive Headteacher. All IT equipment is recorded centrally on the ICT Inventory. Laptop computers on loan to teaching staff will be appropriately recorded and supported by a loan agreement letter signed by the member of staff. This process is overseen by network manager.

The Financial Management Policy in respect of Newbury Academy Trust has been discussed and agreed by the Trustees.

Authorised by	Resolution of the Board of Trustees
Date	14 th March 2018
Effective Date of the Policy	14 th March 2018
Effective Date for Review	March 2020