



**Bishop  
Perowne**  
Church of England College  
**Endeavour Forever**

# FINANCE POLICY AND PROCEDURES MANUAL

Who is responsible	<b>Chief Finance Officer</b>
Statutory Policy	<b>Yes</b>
Review timescale	<b>Annual or as required by Governors</b>
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Signed: Chair of Governors Headteacher	A Iddon J Price
Next Review date	<b>September 2024</b>

## Finance Policy and Procedures Manual

### Contents

1.0	Introduction	3
2.0	Organisation, roles, and responsibilities	3
2.1	Role of members	3
2.2	Role of Governors	3
2.3	Responsibilities of Finance Sub-Committee	4
2.4	Role of the Accounting Officer	5
2.5	Role of the Chief Finance Officer	5
2.6	Role of Responsible Officer for Internal Scrutiny	5
2.7	Responsibilities of Budget Holders	5
2.8	Register of Interests and related party transactions	6
3.0	Accounting System and Convention	6
3.1	Accounting System	6
3.2	Security of Data	7
3.3	Basis of Accounting	7
3.4	Format of Financial Statements	7
4.0	Financial Planning and Management	7
4.1	Budget Planning and Setting	7
4.2	Financial Monitoring and Review	7
4.2.1	Monthly Management Accounts	7
4.2.2	Review of Accounts	8
4.2.3	Virements and Changes to Budgets	8
4.2.4	Journals	8
5.0	Procurement and Payments Policy	9
5.1	Principles	9
5.2	Supplier Details	9
5.2.1	Supplier set up	9
5.2.2	Changing supplier details	9
5.2.3	IR35	10
5.3	Obtaining quotes	10
5.3.1	Variations to Contract	11
5.3.2	Contractors Insurance	11
5.4	Ordering Goods and Services	11
5.5	Payment of Invoices	12
5.5.1	BACs payments	12
5.5.2	Direct Debits	12
5.5.3	Staff Re-imbursments	13
5.5.4	Petty Cash	13
5.5.5	Debit Card	13
5.5.6	Charge Card	14
5.5.7	Payment by cheque	14
5.6	Payment of payroll and staff salary payments and expenses	14
6.0	Policy of Fixed Assets and Stock	15
6.1	Asset and Stock Control	15
6.2	Disposal of Assets	15
6.3	Capitalisation of Assets	15
6.4	Depreciation	16
7.0	Insurance and Security	16
8.0	Income and Debt management	16
8.1	Government Income	17
8.2	Other Income	17
8.2.1	Income from Parents	17
8.2.2	Income from Sales	17
8.3	Debt Management	18
9.0	Reserves and Investment Policy	18
9.1	Reserves Policy	18

9.2	Investment Policy	19
9.2.1	Responsibility, limits, and authority	19
9.2.2	Borrowing of Funds	19
9.2.3	Investment of Funds	19
9.2.4	Credit Risk	20
9.2.5	Cash Flow Forecasts	20
9.2.6	Register of investments and deposits	20
9.2.7	Recording, monitoring and review	20
10.0	VAT	21
Appendices		
Appendix 1	Finance Committee Terms of Reference	22
Appendix 2	New Supplier Form	23
Appendix 3	Self-Employment Declaration form	25
Appendix 4	Order /Petty Cash/ Staff Re-imbusement Form	26
Appendix 5	Purchase Guidelines and Checklist	27
Appendix 6	Related and Connected Parties	29
Appendix 7	Additional Hours Claim Form	33

## 1. Introduction

The objective of this Finance Policy and Procedures Manual is to maximise the financial resources available to Bishop Perowne Church of England College Academy and to optimise the use of such resources.

The primary functions of the Finance Policy are to:

- Provide the highest standards of financial management and control.
- Facilitate making well-researched, cost-effective, appropriate, and sound financial decisions.
- Ensure preparation of sound budget plans; and
- To ensure that the Academy's resources are utilised effectively, and that staff have proper guidelines within which to work that can be audited.

As the Academy is a converter academy trust within the meaning of the Academies Act 2010, they are a company limited by guarantee and a registered charity. The finance policy therefore must comply with the trust's charitable objects and operate within company and charity law and adhere to the trust's funding agreement with the Secretary of State through the Education and Skills Funding Agency (ESFA). The academy trust must comply with the principles of financial control outlined in the latest published Academy Trust Handbook

[https://assets.publishing.service.gov.uk/media/64a52424c531eb000c64fe78/ATH\\_2023\\_FINAL\\_040723\\_digital\\_tracking\\_off.pdf](https://assets.publishing.service.gov.uk/media/64a52424c531eb000c64fe78/ATH_2023_FINAL_040723_digital_tracking_off.pdf)

and accounts should be prepared in line with the current financial years Academies Accounts Directive.

## 2. Organisation, roles, and responsibilities

The Finance Policy and Procedures manual is relevant to all involved in the trust including members, governors, and all staff. The roles and responsibilities of each are outline below.

### 2.1 Role of the Members

Members are the ultimate layer of governance in the Trust. They amend our Articles of Association and hold our Governors to account. They are often likened to the "shareholders".

### 2.2 Role of the Governors

The board of governors manages the business of the academy trust focusing on the three core functions of governance, for the purposes of this report they shall be described as "Governors":

- Ensuring clarity of vision, ethos, and strategic direction
- Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff
- Overseeing the financial performance of the organisation and making sure its money is well spent.

As the school is a charitable company Governors are both trustees and company directors.

Through the implementation of the Academy's Finance Policy, the Governors' aims are to:

- Define and specify the limits of responsibility of the Governor' acting on behalf of the Academy, its sub-committees, the Head Teacher for the purposes of this report the "Accounting Officer (AO)" and the staff.
- Endeavour to ensure that all available funding is used to meet the Academy's aims and objectives and educational priorities as identified in the Academy School Improvement Plan.
- Achieve value for money, without compromising educational and managerial standards, especially by effective purchasing arrangements.
- Arrange and maintain adequate insurance for all appropriate risks.
- Maintain and retain accurate financial records and documents that can provide accurate information for the staff as well as for the use of internal and external auditors.
- Offer secure storage for the Academy assets and to maintain accurate inventories of them.

- Operate accurate receipt and prompt banking procedures for all income and to maintain accurate bank accounts which are promptly reconciled on the receipt of statements.
- Effectively control the use of petty cash.
- Administer voluntary funds to the same standards as those employed for public funds; and
- Maximise any grant income available for educational purposes.

The Governors role is to:

- Ensure there is a robust system of internal control that details current financial procedures.
- Adequate accounting records are maintained that comply with the Academy Accounts Directive and the Academy Trust Handbook published by the ESFA.
- To provide a tool to measure compliance with these directives for the academy's internal scrutiny committee and their external auditors.
- The Academy obtains best value for money by various means, such as obtaining quotations and tenders, which should be documented through the Governing Body minutes.
- That there is adequate segregation of duties to ensure the safeguarding of the schools' assets to prevent fraud ensuring at least two people are involved in processing receipts and payments.
- To appoint External Auditors whose role is for auditing the Academy's financial statements and providing reasonable assurance that they are presented fairly and in conformity within the Academy Trust Handbook, Charity and Company Law and they reflect a true representation of the academy's financial position and results of operations.

Governors are responsible for:

- Ensuring all appropriate staff are trained in the use of the procedures – see also the Staff Development Policy.
- Establishing formal procedures and a timetable for budget planning and, in conjunction with the Academy's external auditors, the production of audited financial accounts.
- Ensuring that only a balanced budget is approved, unless there are exceptional circumstances that justify a deficit budget in a particular year.
- Promptly considering and responding to any recommendations or suggestions made by auditors, inspectors, or others.
- Ensuring there are robust policies and procedures set to outline determination of salary levels, absence policy and ensures the accurate and timely payment of all staff.
- Monitoring the budget and adjust between cost centres during the year if it is appropriate.
- Establishing a charging policy for the supply of goods or services.
- Having an open central register of pecuniary interests of Governors and staff (with the objective of providing some level of personal protection).

The Governors' have set up a designated Finance Sub-Committee of Governors with Financial and Legal knowledge to assist them in the discharge of their responsibilities. A requirement of the Academy Trust Handbook is that the board of governors **must appoint an audit and risk committee**; this either can be a dedicated committee or combined with another committee. This committee is responsible for advising on the adequacy of financial and other controls and risk management arrangements, to direct a programme of internal scrutiny and to consider the results and quality of external audit. This responsibility has been delegated to the Finance sub-committee. See Appendix 1 for the specific Terms of Reference for this committee.

### **2.3 The responsibilities of the Finance Sub-committee**

- Meet the auditors when the draft audited financial statements are presented in November or December and discuss the auditors' findings with the audit partner so that the Chair of the Finance Sub-Committee can brief the Trustee Governing Body on the results of the audit and recommend acceptance of the audited accounts.
- Act as an audit sub-committee and consider findings and recommendations of the Internal Auditors findings
- Meet the Accounting Officer and the Chief Finance Officer in the spring term to consider the year-to-date financial performance of the Academy and agree any action that needs to be taken; and
- Scrutinise the Academy's budget proposals in the summer term and make recommendations to the Trustee Governing Body.

Although the Governors' have a statutory responsibility for the oversight of most areas of Academy life, including financial management, considerable responsibility is delegated to the designated Accounting Officer and the Chief Finance Officer, and to a lesser extent other budget holders.

## **2.4 Role of the Accounting Officer**

The Head Teacher of the Academy is the designated Accounting Officer (AO). The accounting officer role includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to ESFA's accounting officer, for the trust's financial resources. They must be able to assure Parliament that the academy is safeguarding and managing public funds with the highest standards of regularity, propriety, and value for money, and they must adhere to the & principles of public life. The full duties of the AO are set out in the Academies Financial Handbook. The AO delegates the operational management of the financial resources to the Chief Finance Officer.

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

The board **must** appoint a chief financial officer (CFO), who is the academy trust's finance director, business manager or equivalent, to whom responsibility for the trust's detailed financial procedures is delegated. The CFO should play both a technical and leadership role.

The CFO and their finance staff **must** be appropriately qualified and/or experienced. Trusts **must** assess whether the CFO, and others holding key financial posts, should have a business or accountancy qualification and hold membership of a relevant professional body, dependent on the risk, scale, and complexity of financial operations.

The Academy is committed to robust financial governance and management and as such has appointed a CFO with a professional accountancy qualification supported by a Finance Officer qualified by experience.

## **2.6 Role of the Responsible Officer for internal scrutiny**

The Governing Body will approve the appointment of an Internal Auditor or Reviewer who will follow a process for independent checking of financial controls, systems, transactions, and risks, and report their findings to the Finance Sub-committee who in turn will report to the Full Trustee Governing Body.

Internal scrutiny should be independent and objective; it should not be conducted by an employee of the trust but by someone suitably qualified. The scheme of work will be driven and informed by risk, agreed by the Finance sub-committee, and be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time.

The Academy can either:

- Employ an in-house internal auditor
- Appoint a bought-in internal audit service, under a separate letter of engagement if internal audit and external audit is performed by the same firm
- Use of a non-employed trustee
- Engage a peer review by the chief financial officer, or other member of the finance team, from another academy trust.

The AO and CFO should not be members but are able to participate to provide information and take part in discussions.

Full details of the Academy's requirements are found in the latest Academies Trust Handbook [https://assets.publishing.service.gov.uk/media/64a52424c531eb000c64fe78/ATH\\_2023\\_FINAL\\_040723\\_digital\\_tracking\\_off.pdf](https://assets.publishing.service.gov.uk/media/64a52424c531eb000c64fe78/ATH_2023_FINAL_040723_digital_tracking_off.pdf)

## **2.7 Responsibilities of Budget Holders**

Budget Holders are responsible for the operational management of their allocated budget, ensuring economy and efficiency in the use of those resources to obtain best value. They are required to adhere to the Financial Procedures outlined in this manual, the procedures in the Staff Code of Conduct and

with the requirements set out in the Academies Trust Handbook. They should on at least a half termly basis:

- Reconcile monthly budget information with their own records of income and expenditure.
- Inform the Chief Finance Officer or the Senior Finance Officer of any irregularities in the budget reports in a timely manner.

## **2.8 Register of Interests and related party transaction**

It is important for anyone involved in spending public money to demonstrate there is no personal benefit from the decisions they make. To avoid any misunderstanding that might arise The School needs to ensure that transactions are based on best value and not due to interests of related parties. The purpose is to ensure all decisions on transactions are not influenced by relationships with Related Parties. No member or trustee, employee or related individual should use their connection to the school for personal gain. Any transactions need to be transparent and be completed “at cost” for that good or service.

All Governors, Directors, Members, and staff with significant financial or spending powers “must” declare any business interests they or any close family members have.

The register of business interests is open to public inspection; and should be available on the Trust website. The register should include all business interests such as directorships, shareholdings and/or other appointments of influence within a business or organisation. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where that person could exert influence over a director or a member of staff. It is the duty of the trust and its staff to declare interests relevant to matters being discussed by the Trust or constituted committee. Where an interest has been declared, Governors, Directors, members, and staff should withdraw from that part of any committee or other meeting.

With effect from 1st April 2019, all transactions with **related parties** must be reported to the CFO prior to taking place. The CFO will submit the appropriate details to the ESFA for approval where any of the following limits arise (see Academies Trust Handbook 2021 5:35 to 5:59):

- A contract exceeding £40,000.
- A contract of any value that would take the total value of contracts with the related party beyond £40,000 in the same financial year ending 31 August.
- A contract of any value if there have been contracts exceeding £40,000 individually or cumulatively with the related party in the same financial year ending 31 August (5.42)

**There is no provision for retrospective approval for any related party transactions. Any related party transactions arising in the year must be recorded monthly and submitted as part of the month end procedure.**

The Chair of Governors and the Accounting Officer (AO) must manage their relationship with related and connected parties to avoid both real and perceived conflicts of interest. Academy Trusts must recognise that their relationships with some related and connected parties attract greater public scrutiny and require high standards of accountability and transparency. Please see Appendix 8 for Briefing on Related and Connected Parties.

## **3.0 Accounting System and Convention**

### **3.1 Accounting System**

The current finance system used is Access Dimensions supported by HOG100.

Access to the system is restricted to the Chief Finance Officer, the Senior Finance Officer and the Finance Officer and view only access to External Audit and is controlled through secure user accounts and passwords.

Purchase order, direct debits and invoices are entered by the Academy’s Finance Officer and segregation of duties is provided by ensuring all transactions are checked by the CFO. Where the transaction has been entered by the CFO a check will be provided by the AO or one of the schools

Deputy Head Teachers. The Senior Finance Officer is responsible for entering all sales invoices for catering and lettings and entering journals other income, payroll and journals that form part of the Management Accounts process.

The academy is currently rolling out the use of a purchase requisition add on to the Finance system that follows the rules of authorisations set out in this policy known as the "Finance Portal".

Transactions are posted and authorised in accordance with delegated levels of responsibility and authority. All transactions must be posted in a timely manner.

### **3.2 Security of data**

Security and back up of data on the accounting system is covered by our contract with our Information Technology providers as outlined in the Academy's Business Continuity Plan and Risk Register. The Finance System is now hosted in the cloud and is backed up daily on a secure Azure platform by the hosted suppliers.

### **3.3 Basis of Accounting**

The financial statements are prepared under the accrual's convention using historical cost as the basis for asset evaluation. All income and expenditure for the period to which the accounts relate are included in those accounts. At year end, a de-minimise of £500 is applied for both sundry creditors and sundry debtors. Where an individual invoice or receipt is less than £500 then no provision is made. This is to minimise the number of sundry transactions. In preparation for year-end an exercise is completed to ensure all invoices and debts are settled to minimise the necessity for provisions.

### **3.4 Format of Financial Statements**

All accounts are prepared to comply with the requirements of the Companies Act, the Charities Act, and the Statement of Recommended Accounting Practices for Charities (known as the SORP) and other Statements of Accounting Practice that may be applicable and such other directives issued by the DFE, including the Academies Accounts Direction, and the Charities Commission.

## **4.0 Financial Planning and Management**

### **4.1 Budget Planning and Setting**

The CFO in conjunction with the AO will produce a budget, on a timely basis, for the next academic and financial year. This will include a three-year plan to be considered by the Finance Sub-Committee prior to its presentation to the Full Board of Governors for final approval, so that the DFE deadline of 31<sup>st</sup> August for Budget Forecast submission is met.

As part of the budget setting process the following areas will be reviewed annually:

- Forecasts of the likely number of pupils to estimate the amount of DFE grants receivable.
- Review of other income sources available to the trust to assess likely level of receipts.
- Review of past performance against budgets to promote an understanding of the trust cost base.
- Identification of potential efficiency savings and
- Review of the main expenditure headings considering the academy improvement plan objectives and the expected variations in cost including inflation and other anticipated changes.
- A staffing structure that fulfils statutory requirements and supports academy improvement

In line with the academy's current reserves policy the academy should not set a deficit budget and will need to review all areas of income and expenditure to maximise the use of resources and set a balanced or surplus budget.

### **4.2 Financial Monitoring and Review**

#### **4.2.1 Monthly Management Accounts**

The CFO will prepare management accounts every month setting out its financial performance and position. These will be shared with the chair of governors and the finance sub-committee every



month. They will be presented at each trustee governing body meeting which occur 6 times a year. The governing body must ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

The format of management accounts will include an income and expenditure account for revenue and capital including variation to budget report, cash flows and balance sheet. Any potential overspend against the budget will in the first instance be discussed with the AO.

In addition, the CFO will reconcile payroll and monitor staffing budgets, sharing, and discussing these regularly with the AO.

The trust has selected key financial performance indicators and measures performance against them regularly. This includes analysis in the annual governors' report, as explained in the Accounts Direction. These are measurement of costs against budget for the following areas:

- Income excluding Catering
- Staff Costs
- Curriculum Departments
- Special Projects
- Premises
- Administration
- Catering
- Income
- Expenditure

Additional Performance indicators are now included in Management Accounts as per those included within the collection on the School Resources Assessment Tool used for benchmarking by the ESFA:

- Spend on teaching staff as a percentage of total staff costs
- Spend on teaching staff as a percentage of total income
- Spend on teaching staff as a percentage of total expenditure
- Spend on supply staff as a percentage of total expenditure
- Spend on education support staff as a percentage of total expenditure
- Spend on administrative and clerical staff as a percentage of total expenditure
- Spend on other staff costs as a percentage of total expenditure
- Spend on premises (including staff costs) as a percentage of total expenditure
- Spend on teaching resources as a percentage of total expenditure
- Spend on energy as a percentage of total expenditure
- Other spending as a percentage of total expenditure (balancing line)
- In-year balance as a percentage of total income
- Revenue reserve as a percentage of total income
- Percentage Free School Meals

The CFO will produce a financial outturn report for the academy to 31<sup>st</sup> March to be reviewed in a timely manner by the Finance sub-committee and approved by all Governors at the Governing body meeting for the Budget Forecast submission to the DFE by the specified May deadline, usually the end of the third week.

#### **4.2.2 Review of Accounts**

As part of the monthly monitoring and reporting process income and expenditure analysis and changes to original plans may require:

- Virements between budgets to assist in management and control due to variations identified
- Increase in budgets due to new income streams identified in year
- Journals between budgets identified through budget holder review of spend

#### **4.2.3 Virements and changes to budgets**

Any virements between budgets of £5,000 and below are to be agreed by the AO and CFO and reported to the Chair of Governors at the time of the agreement and reported to all Governors at the next Full Governing Body Meeting.

Any changes to budgets and virements above £5,000 need prior approval at a Full Meeting of Governors. A re-forecast maybe necessary in year if significant changes to the original budgets agreed in July are made following the start of the new academic year.

#### **4.2.4 Journals**

Journal entries are additions and corrections made to the Academy's bookkeeping. The CFO should create any journals and submit them to the Finance Officer(s) for processing. Any journals should be authorised by email by the CFO. Typical journal entries will include such items as:

- Input of Monthly Payroll.
- VAT and Petty cash Re-imburements.
- Corrections of earlier bookkeeping errors.
- Capitalisation of fixed assets that were originally expensed.
- Accruals.
- Accrued and deferred income; and
- Prepayments.

Journal documentation—including supporting documentation is retained by the Finance Office and is available for inspection by the Academy's external auditors.

### **5.0 Procurement and Payments Policy**

#### **5.1 Principles**

The academy wants to achieve best value for money for all purchases- meaning the correct quality, quantity, and time at the best possible price. A large proportion of purchases are paid from public funds and to maintain integrity the following principles should be followed:

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

#### **5.2 Supplier Details**

Many of the suppliers used by the academy have been used since they were a maintained school and as such were subject to local authority checks. It is important in obtaining best value and in preventing fraud that the academy has a system for checking new suppliers.

##### **5.2.1 New suppliers**

Before requesting the set-up of a new supplier, the Finance Officer(s) should be consulted, as it is part of the role to ensure that the academy is obtaining best value for money.

If a new supplier is required, budget holders should complete "a new supplier form" see Appendix 2 which identifies the reason for using them.

The Finance Officer(s) will then obtain the necessary details from the supplier for them to be set up on the system.

Before the supplier is set up the CFO, will check the details and sign the new supplier form to show the address, VAT number, bank details and any IR35 HMRC implications have been checked and verified and any related party connections noted. An email to the Finance Officer(s) to verify checks will be made when working from home.

The supplier will then be set up in the finance system by the Finance Officer(s) to enable ordering to be done and invoices to be paid.

### 5.2.2 Changing supplier details

If any supplier details change due to the company being taken over, central offices changing, and most specifically bank details changing, the CFO or Finance Officer(s) will verify the change in detail by phoning the supplier using a trusted and established number and sign any notifications or invoices to show this check has been made before any details are changed on the finance system. These checks will be filed with the supplier invoices. When working from home an email will be sufficient evidence that this check has been made.

### 5.2.3 IR35

When employing sole traders and individuals the academy needs to ensure that they will not have any tax liabilities in respect of using them as a supplier of goods and services. The academy needs to satisfy themselves at the point of contract what the supplier's status is in respect of IR 35. This is a piece of legislation that allows HMRC to collect additional payment where a contractor is an employee in all but name. This will be a check carried out when a request for the use of a new supplier is made where necessary. Individuals who are self-employed will be asked to complete the Check Employment Status for Tax (CEST) tool on the HMRC website and send a copy of the result with a signed form stating their status. See Appendix 3.

### 5.3 Obtaining quotations

Competitive quotations or estimates must be obtained wherever possible in accordance with the tendering procedure prior to ordering (which is mainly based on Worcestershire County Council's procurement guidelines and other local authority guidance) as follows:

- Up to £5,000: an appropriate number of quotations should be obtained. Quotations may be sought verbally, and catalogue prices can be used, but a note of the suppliers and price should be written down and a written quote obtained, if possible, for all goods and services more than £1,000. All efforts to achieve best value should be made and up to £1,000, the budget holder and the Finance Officer(s) dependent on budget will make the decisions on purchase. For orders greater than £1,000 at least two quotes should be found. If the spend is on new goods or services over £1,000 the AO should be consulted, and the CFO informed. For all existing contract renewals, the CFO and the relevant budget holder can decide unless the increase is greater than the current RPI increases in which case the decision on choosing the supplier from the quotes received and making the purchase will be made by the AO, the CFO, and the relevant Budget Holder.
- £5,000 to £20,000: at least three written quotations must be obtained based on written specifications and retained for Academy records. The decision on choosing the supplier from the quotes received and making the purchase will be made jointly by the AO, the CFO, and the relevant Budget Holder where applicable, and will be reported to the Governing Body.
- £20,000 to the Public Procurement Regulations 2021 financial thresholds: at least four formal tenders or written quotations must be obtained based on written specifications and retained for Academy records. The decision on choosing the supplier from the quotes received will be made by the AO in consultation with the CFO, and will be brought to the Governing Body for approval prior to ordering or purchase; and
- On 29 October 2021, the Government released The Public Procurement (Agreement on Government Procurement) (Thresholds) Amendment Regulations 2021 ("the Regulations") which lay out revised financial thresholds for public procurements under certain regulations. Contracts with estimated values over these revised thresholds (including VAT) must be published on the Government's Find a Tender service and the tender must be run in compliance with the appropriate procurement regulations. The value for supplies and services is as of 1 January 2022 £213,477 including VAT.

The college will adhere to government recommended processes in respect of procurement as detailed in the guidance on this link <https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools>

If due to the nature of the purchase it is not possible to source the correct number of comparable quotes a Waiver Declaration Form (see Appendix 4) should be completed and approved by the applicable

authorisation of the CFO, AO, and Governing Body dependent on value as per the above purchasing delegations.

Unsuccessful tenders and quotes are to be retained for a minimum of one year following completion of the contract. Successful tenders and quotes together with supporting documentation evidencing the decision-making process are to be retained for six years following completion of the contract. Successful tenders are to be reported to the Governing Body.

### **5.3.1 Variations to contracts**

Variations to contracts and/or specifications involving additional expenditure that exceeds £1,000 require the approval of the CFO and Accounting Officer, if they are greater than £20,000, they will need approval from the Governing Body Approval can be provided by e-mail if deemed urgent or in an emergency for larger amounts by the Chair of the Governing Body.

### **5.3.2 Contractors Insurance**

Any contractors subsequently appointed through the tender process are required to provide details of their public liability insurance indicating that they have cover of at least £2,000,000. A copy of the contractor's insurance certificate must be reviewed and retained along with the supporting documentation referred to above and be updated when the policy is shown to expire. Depending on the value a bond to safeguard the schools' assets may be drawn on larger capital projects.

## **5.4 Ordering goods and services**

Budget Holders will be informed of their budget at the start of the academic year. It is the budget holder's responsibility to ensure that their budget is not overspent.

A budget holder may complete a requisition to order goods or services for their department/ area of spend provided they have the funds available. For all orders they must submit a request to [purchaseorders@bishopperowne.co.uk](mailto:purchaseorders@bishopperowne.co.uk) (in paper or email format) to the Finance Department. Budget holders set up on the Finance Portal can raise these requisitions directly through the portal. They are able to upload supporting documents such as quotes, alternative quotes and waiver declarations where required according to the values in this policy. There is an official order form (see Appendix 5) but emails that contain the details of the item requested, the number and the amount with a request for Finance to find best value are permissible. The Finance Officer(s) will verify that the departmental budget will not be exceeded before the order is raised.

The Finance Department preference is for requisitions are for all work, goods, or services however, this can be waived for purchases of less than £50 or from petty cash if there is email evidence that the budget holder and finance office have been informed at the point of purchase and see 5.5 Payment of Invoices for further control points.

- A requisition request must be made out quoting price, quantity and, where relevant, the name of the supplier—or a request may be submitted to the Finance Department asking for the Finance Officer(s) to compare prices for the same or similar products online and place an order for the most competitively priced product(s). This can be done via email as stated above or by submitting the form attached in Appendix 5
- The requisition order must either be signed by the budget holder with the cost centre number completed in the appropriate box or sent electronically by (or copied to) the budget holder to [purchase\\_orders@bishopperowne.co.uk](mailto:purchase_orders@bishopperowne.co.uk). Incomplete forms or email requests will be queried via email so a trail of agreements with the budget holder can be kept.
- In exceptional circumstances, where goods are required due to an emergency, it may be necessary to order goods without a requisition order (paper or email) with the necessary signatures or email approval chain. For orders less than £500 the Finance Officer(s) can verify if there is sufficient budget available and ensure best value is obtained in terms of quality, delivery, and price. For orders up to £1,000 the same verification can be made by the CFO. Above this value agreement of the CFO and the AO will be required to approve prior to ordering without an order requisition and email evidence of this is required. The reason for the request must be clearly documented and evidence the budget holder has been informed at the time of purchase should be kept with the

paperwork and a retrospective confirmation order raised with the correct authorising signatures obtained.

- The order will be processed in the Academy's bookkeeping system so that it appears in the "committed" section of the budget holder's report. When processed, the order will be allocated a sequential order number from the finance system and emailed, faxed, or posted to the supplier. If the order is sent by mail, two copies of the printed order form are produced: (1) the first to the supplier, and (2) the second to the reprographics department (which performs the role of receiving and checking the Academy's inward goods). Copies of forms sent electronically are retained in numerical order by the finance department.
- Goods are received by the rear reception and checked against the copy order by one of the reception administrators. If correct, the goods are delivered to the ordering department and the signed delivery note and copy order are returned to the Finance Office. If incorrect, discrepancies are taken up with the supplier by the Administrative Officer and invoices placed on hold by the finance office until they are resolved. Invoices should not be authorised and passed for payment until the discrepancies have been resolved and Finance should be kept informed. Budget holders should refer to the Purchasing Guidelines Checklist see Appendix 6.

## **5.5 Payment of Invoices**

The Academy will endeavour to pay its suppliers by the end of the month following the date of the invoice unless contractually obliged to settle earlier than that. However, wherever possible an invoice payment run will be made each week on a Friday.

- Invoices received by the Finance Office are checked against the copy orders.
- The order documents and any delivery notes received are attached to the invoice and returned to the Finance Office by the budget holder or the reprographics officer receiving the goods and returned to the Finance Office who will upload this onto the Finance System.
- The fully approved and signed invoice is posted and uploaded to the bookkeeping system by the Finance Office as approved for payment.

All payments are to be authorised by two people who are bank account signatories and are appointed as such by the Board of Governors these include the CFO, Senior Finance Officer, Finance Officer, Accounting Officer and Deputy Head Teacher and the Head Teachers Personal Assistant.

- The Academy bookkeeping system (Access) will indicate when invoices are due for payment according to the credit terms offered by each supplier.
- Suppliers are paid via BACS, or (in other circumstances) via one-off online payments.
- A payment run will be produced by the Finance Officer(s) using the Access system to determine the due date for BACS settlements.

For any payments where there is no order trail a no order invoice will be permitted with evidence goods/services have been received but a note kept of the amount, the supplier, the staff member requesting the payment, and the budget code must be submitted to the CFO. The CFO will discuss these with the budget holder and any staff who are repeatedly not following procedure will be reported to the AO.

Please also refer to **5.4 Ordering Goods and Services** for exceptional circumstances.

### **5.5.1 BACS Payments**

- A BACS run report is printed, normally at the end of each week where possible but at least monthly. This summarises the payments that are to be made.
- The CFO reviews the BACS remittance run report with invoices and associated paperwork to review and provides a signature for approval. Email in COVID times and remote home working.
- Once signed this is returned to the Finance Office to indicate that formal approval has been given.
- The BACS payment is set up on the bank software (Lloyds Bank Commercial) and a payment date is set. Approval is given electronically first by the Finance Officer(s) and then by the CFO or in their absence the AO, Deputy Head Teacher or Head Personal Assistant.
- When returned signed, the supplier's remittance advice is sent to the supplier by email. The BACS summary and the supplier's copy of the invoices are filed in the appropriate supplier file.

## 5.5.2 Direct Debits

The academy pays several suppliers by direct debit to spread the cost of payments. This includes payments for utilities, telephones and alarms, lease agreements, Service Level Agreements for Catering and Cleaning provision, minibus fuel, rates, and pension deficit payments.

- Where there is a standard monthly amount, an order should be raised on an annual basis and the direct debit offset against the order monthly. This is subject to the same authorisation limits for all goods and services. If the direct debit is of an irregular amount due to the nature of spend **e.g., fuel card**, an order is not required but spend on this needs to be monitored through the year to ensure there are no anomalies year on year.
- **All valid VAT receipts and invoices** in respect of Direct Debit Expenditure must be provided to the Finance Office,
- Any new Direct Debits should only be set up with CFO and AO approval

## 5.5.3 Staff Re-imbursements for Goods

Staff are actively discouraged from purchasing items from their own resources as this bypass the ability for the Finance Officer(s) to ensure the academy is receiving value for money. Any goods that are purchased in this way should have already sent a requisition on an order form or via email to [purchaseorders@bishopperowne.co.uk](mailto:purchaseorders@bishopperowne.co.uk) for a re-imbusement to be made. This should follow the authorisation policy for ordering goods and services. Payment will only be made with budget holder and CFO approval.

All staff re-imbursements will be made via BACs direct to the staff's individual bank account and will only be made on the production of a valid VAT receipt. In exceptional circumstances, which should be clearly documented at the time of payment, this will be waived if evidence from the staff members bank account can be provided as proof of payment, and this will need AO approval.

If this process has not been followed, it will be at the discretion of the AO if this payment is made.

## 5.5.4 Petty Cash

The petty cash system operates through an Imprest system. It may be used for refunding small out-of-pocket expenses incurred by staff and making other cash payments by the Academy.

Before a member of staff incurs an expense of £50 or less, for which a reimbursement is needed (or £100 during the school holidays) he or she must ensure that:

- The budget has sufficient funds for the charge to be met.
- The cost is no more than £50—or £100 during the school holidays; and
- The transaction cannot be affected quickly enough if the Academy's normal purchasing system is used.
- For every petty cash purchase there should be an accompanying valid VAT receipt.
- The purchaser must make out a petty cash claim form to which the VAT receipt must be attached.
- The form must be completed in full and signed by the budget holder before it is handed to the Finance Office for payment. It is also acceptable for the budget holder to email his or her consent to the Finance Department in lieu of providing a written signature.
- On presentation to the Finance Office the cash will be paid. The Finance Office is responsible for petty cash and writes the amount of the payment and the date on the face of the form. The claimant will then sign it as proof of receipt of the money.
- Petty Cash Transactions are recorded on Access monthly and the CFO will check the cash in the tin and review the documentation.
- The re-imbusement of petty cash will be obtained from the bank by the Finance Officer(s). The Finance Officer(s) will obtain a receipt, this will be attached to the re-imbusement transaction documentation and be reviewed by the CFO.
- Certain departments have their own imprest, depending on the level of purchasing the imprest values vary. For the departments to receive the re-imbusement of their petty cash float the petty cash process above will need to be followed. A valid VAT receipt is required for all purchases. If staff purchase any items out of their own funds, these cannot be re-imbursed through the petty cash but will have to follow the process for **Staff Re-imbusement in 5.5.3** and a valid VAT receipt will be required. Any spend from department imprests without a valid VAT receipt and authorised petty cash form will not be re-imbursed unless agreed with the academy's CFO.

### **5.5.5 Debit Card**

The Finance Officer is the only card holder.

The debit card should only be used for:

- Re-imbursing the Petty Cash Imprest
- Obtaining foreign currency for Academy trips
- Obtaining cash contingency for Academy trips

For any cash to be obtained the correct ordering protocols identified in 5.4 should be followed prior to withdrawal of funds.

For any cash obtained a valid bank receipt is required as proof of purchase which should be attached to documentation of the reason for the transaction.

For foreign currency or trip cash contingency floats the trip leader should keep a log of expenditure and all receipts (valid VAT where possible) and these should be handed to the finance office with any remaining funds as soon as possible after the trip.

Review of any monthly transactions are to be made by the CFO against the debit card statement.

### **5.5.6 Charge Card**

The CFO and Senior Finance Officer, and the Catering Manager are registered cardholders.

To ensure best value for money is obtained the charge card should only be used for payment of items in one of the following instances:

- It is a one-off purchase with an online supplier where it is not administratively cost effective to set them up as a supplier
- Some companies only sell online with payment at the time of order
- To purchase food either on-line or in store for specialist events where the Catering department cannot be utilised, for example Yr. 11 Revision Incentives
- To purchase pastoral items, such as uniform to prevent the need for staff re-imbursing
- To purchase supermarket gift cards for Free School Meals when students are remote working from home

For any payments made in this way the correct requisition and ordering protocols identified in 5.4 should be followed prior to payment and this will only be waived according to the principles outlined in that section.

It is not necessary for an order to be raised on the Access Finance system. The payment for the items is recorded on Access with the bank as the supplier, monthly, when the charge card statement is received by the Finance Officer.

The CFO will check the documentation monthly for the Charge Card transactions of the Finance Officer against the statement and sign off the transactions. As the CFO is a cardholder, an additional level of authorisation is required on this documentation by the AO who will be required to review and sign of the CFO's Charge Card statement monthly or as and when transactions occur. These statements and reconciliations should be kept and filed.

### **5.5.7 Payments by Cheque**

Payments by cheque are infrequent and are normally only made in situations where the payee demands to receive a cheque instead of an electronic transfer. When the supplier is set up the details will identify whether the supplier is BACS enabled.

Payments and processing follow the procedure of authorisation required for all invoices but instead of paying by BACS the supplier is paid by cheque. A remittance will be posted or delivered in person with the cheque. The paperwork will be filed with the supplier invoice.

## **5.6 Payment of payroll and staff salary payments and expenses**

Details of policy remuneration and expense for salary are detailed and agreed in the Academy Pay Policy.

The Payroll Provider prepares and arranges the payments in respect of the staff payroll so that salary payments (minus applicable deductions) are made to Academy employees on the due date.

Regarding gross pay:

- Gross pay is calculated from the information held in the HR records kept by the Payroll Provider which must be kept up to date by submission of any changes by the Academy. The AO personal assistant PA is responsible for providing timely updates on contracts to the Payroll Provider so that salary information can be updated by the Payroll Provider as necessary.
- All variations to salary information must be notified to the Payroll Provider within its time limits to be processed in the appropriate month. Any contract amendments are sent to the Payroll Provider by the HR lead for the school who sends letters authorised by the head teacher. The current HR lead is the heads personal assistant.
- In a similar way, all claims for casual pay, overtime and mileage expenses must also meet that deadline. The Senior Finance Officer is responsible for the timely submission of signed off overtime and related documentation to Payroll Provider. The timesheets used to submit this data are to be signed off by the relevant line manager and there is one form to be completed by all staff either online and emailed by the line Manager to Finance or a signed paper copy. Please see Appendix 9 for the Additional Hours Claim form.
- On a monthly basis the Payroll Provider produce the payroll reports for checking and verification by the Academy's Chief Finance Officer. These are available to the Senior Finance Officer in their absence..
- The CFO will check that these reports for reasonability reviewing variances from previous months, and in month contract amendments. Any variances not expected will be checked with the HR lead. The CFO will ask the Payroll Provider to report on any deviations. Once the figures have been agreed, the Payroll Provider will be notified to authorising payment on the Payroll system VERA. The final reports will be saved in the Payroll files for that month on the system.. Report details for Payroll payments to HMRC and Pensions will also be filed on the PAYROLL file when entered onto the finance system.
- The final will be downloaded from VERA by either the Senior Finance Office or the CFO and will be used to reconcile the payroll information and create a journal to be entered onto the finance system. The journal will be entered by the Senior Finance Officer. This will be filed with the monthly payroll analysis. The information will be updated into the Monthly Salary Monitoring and this will be checked against the Finance System.

## **6.0 Policy on Fixed Assets and Stock**

### **6.1 Asset and Stock control**

To ensure effective control of all assets, the following procedures will be adopted:

- If staff wish to take school equipment (other than their tablets and laptop computers) home, they must obtain permission from the AO and the person responsible for the equipment, and they must sign out any equipment that is taken off site. Staff must be made aware that they are personally liable for loss or damage to any such equipment and should have made their own insurance arrangements.
- All non-consumable items are identified with appropriate security markings whenever possible.
- Stock inventories are held by the Academy, and these should be sent annually to each budget holder for checking. The inventories identify stock by description, quantity, location, and date of purchase.
- All hazardous materials are to be kept under lock and key in specially designed storage areas; and
- All stock and associated inventories and signing-out lists may be inspected by the AO or a representative without notice. An inspection should take place at least once per year and any material discrepancies will be reported to the Governing Body.
- Only Catering stock is recorded on the Academy's balance sheet. An annual stock check is done at the end of the Academic year, and any changes in value to the previous period are recorded.

### **6.2 Disposal of assets**

Only the Governing Body and/or AO can authorise the writing-off/disposal of any stock which is referred to in the inventories. No such stock less than three years old should normally be written off. Staff may



not purchase stock from the Academy which is designated as destined for writing-off or disposal without the express permission of the Governing Body.

### **6.3 Capitalisation of Fixed Assets**

All individual items costing over £2,000 will be capitalised as fixed assets on the Academy's balance sheet rather than being expensed through the Academy's profit and loss account. If a classroom is re-equipped with new computers or other equipment that does not individually cost £2,000 but as a group cost more than £5,000 then these will be capitalised.

A register of capitalised assets will be maintained which will agree with the Annual Financial Statements and the amount attributed to Fixed Assets.

Additionally, a fixed asset register will be kept recording all Academy assets purchased more than the value of £2,000. The purpose of this register is to ensure that all Academy property remains in the control of the Governors. Any removals from this register must have the sanction of the Governing Body that will authorise all asset disposals. Wherever possible all removed items should be sold rather than scrapped.

### **6.4 Depreciation**

All assets will be depreciated on an annual basis using the following rates:

- Motor Vehicles: 25% on cost.
- Furniture and Equipment: 15% on cost.
- Computer Equipment: 33% on cost; and
- Improvements to Property: 10% on cost.

Depreciation transaction will only occur at year end, but the Management Accounts will have a note each period of the amount of depreciation incurred to date on existing and new fixed assets and the expected value by year end.

### **7.0 Insurance and security**

Adequate insurance arrangements are made by the CFO for all risks to property, equipment, vehicles, and personnel. The CFO is responsible for informing the Academy's insurers of any factors that may alter the terms and conditions of any existing insurance policy.

It is the duty of all Academy staff to safeguard all property held on site, whether the Academy's, their own or that of third parties.

- All staff are responsible for the security of cash as described in section 5.5.5 and 9.0 Reserves and Investment Policy.
- All staff and pupils are responsible for the security of their own cash and property.
- The Academy's safe and cash boxes are to be kept locked and the keys kept separate when they are not being used. Key holders should normally carry keys on their person.
- Any loss of college keys (door keys as well as cash keys) must be reported immediately to the AO via his personal assistant.
- When a staff member leaves the organisation, they must hand all keys back to the AO personal assistant.

All staff must adhere to the guidelines and procedures within the Staff Code of Conduct.

The school as part of their risk management strategy should consider all risks and review their Fraud Policy on an annual basis to ensure it is fit for purpose.

Please refer to the college's Fraud Policy and the Whistleblowing Policy which can be found on the school's website [www.bishopperowne.co.uk](http://www.bishopperowne.co.uk)

### **8.0 Income and debt management**

To ensure the effective control of the Academy's income and debt management the following principles will be adhered to:

- All the Academy's income (including VAT) is identified.
- All income is promptly receipted and prepared for banking and banked as appropriate. Income collected is reconciled to the sums deposited in the bank.
- Receipts are issued for all transfers of funds.
- Receipts and other accounting records are securely stored for the appropriate number of years required by statute. No documents are to be destroyed until after the completion of the audit of the accounts by the auditors for the financial year concerned.
- Banking is carried out as necessary to ensure that the limits held as required under insurance policies are not breached.
- The accounting records are properly and promptly updated.
- The Academy operates a cashless policy and requires parents and carers to make payments for canteen food, trips, visits, stationery, study guides, music lessons, social events, and items of clothing via the ParentPay system. Only in wholly exceptional circumstances will cash or cheques be accepted by the Finance Office. No money may be left overnight in any part of the Academy other than the Academy Safe.
- The Academy will not cash personal cheques.
- All cash and cheques must be locked in the Academy safe.
- All monies, receipted by the Finance Office, are kept in the Academy safe until they are banked.
- Invoices for the supply of goods and services are issued promptly.
- Debtors' accounts are properly and promptly updated. Overdue notices are issued, and a county court summons may be issued if deemed necessary by the CFO; and
- Debts can only be written off in accordance with DFE regulations set out in the Academy Trust Handbook.

The Academy receives cash from a few its activities and the process outlined below deals with how cash from these sources is handled and controlled.

### **8.1 Government Income**

The main source of income for the academy is the grants from the DFE and from Local Authorities for SEND and Looked After Children, mainly from Worcester County Council. The receipt of these sums is monitored directly by the CFO who is responsible for ensuring that all grants and income due to the school are collected.

All direct receipts into the Academy bank account should have an accompanying remittance advice. All receipts should be posted to the Academy Finance system upon receipt of the relevant bank statement. Each remittance advice must be initialled by a member of the Finance Office and dated when it has been processed.

### **8.2 Other Income**

The academy also receives income from

- Parents for school trips, second-hand school uniform, revision guides and stationery.
- Parents for School Meals
- Primary Schools for Catering Provision
- Hiring out facilities

#### **8.2.1 Income from parents**

All payments made by parents for the canteen and for trips, visits, events, music lessons, school stationery and items of uniform must be made via the ParentPay system. Cash will only be accepted in exceptional circumstances and the reason needs to be clearly documented. The receipt of cash is actively discouraged. For more information, please see the Academy Charges, Donations and Remissions Policy.

ParentPay transfer income to the school on a weekly basis and remittances are available on the academy's Parent Pay system. These remittances are treated in the same way as any other cash

receipt. The remittance advice will detail the reason for the receipt. It is important to ensure that these remittances are posted as soon as possible onto the bookkeeping system to ensure that the parent/carer's money has been correctly handled. As with other remittances, these should be initialled and dated when processed. The remittance also shows a transaction cost which is processed on the Access Dimensions system as a payment item and a VAT invoice from the ParentPay system is filed with the ParentPay paperwork.

All trips should be provided at cost and be authorised by the Assistant Head responsible; the Charges and Remissions Policy has more details. This can be found on the school's website [www.bishopperowne.co.uk](http://www.bishopperowne.co.uk)

### 8.2.2 Income from Sales

The Academy will invoice customers for any sales that it makes. These will fall into the categories described below:

**Rents** (income from letting the Academy's facilities to third parties):

- The Academy has a policy of supplementing its revenue by renting out parts of its campus and playing fields to third party users outside school hours. (It should be noted that this does not include the AstroTurf pitch that is the property of The King's School, Worcester).
- The person / body wishing to rent a part of the Academy must complete a booking form. The Senior Finance Officer will complete and send the user an invoice for the letting in arrears. The completion of an invoice on the finance system automatically posts it to the sales ledger.
- It is the policy of the Academy that there should be no rents debtors over 30 days old. The Academy reserves the right to bar the use of facilities to any third party that does not settle its rent invoices promptly.
- All regular lettings are invoiced monthly; please refer to Lettings Policy for further details.

**School meals:**

- The Academy also sells school dinners to local primary schools and nurseries. Primary Schools are charged at the free school meal price and invoiced weekly by the Finance Office.
- Service Level Agreements for this business are in place and are reviewed annually.
- Debts on school meals accounts will be monitored monthly and letters will be sent to parents to recover these debts. This will be followed by a text reminder and a phone call. Following this if the student is not on free school meals, they will be unable to use the facility until the debt is cleared. Those on free school meals will only be allowed to have a free bagel at breakfast and any meal at lunch plus either a drink or a desert.

**Other sales invoices:**

- Any other invoices raised will be dealt with through the bookkeeping system and charged to the appropriate account in the sales ledger.

### 8.3 Debt management

- Outstanding debts will be reviewed monthly.
- When the academy raises an invoice, unless specifically detailed on the invoice, the payment terms will be 30 days.
- The following process shall apply where payment is not received:
  - 30 days after original invoice – statement issued
  - 4 weeks after statement issued – reminder letter issued
  - 4 weeks after reminder letter – second reminder letter issued
  - 4 weeks after second reminder letter – refer to CFO and seek legal advice if deemed necessaryPlease note customers will be given the opportunity to negotiate a payment plan.
- The level in relation to the 'write off' of bad debts is outlined below:
  - up to £1,000 – AO and CFO
  - Over £1,000 –Governors
- Any 'write off' of bad debts must be recorded and referred to the CFO.
- Please note the academy must obtain ESFA's prior approval for writing off debts that are equal or greater than 1% of total income or £45,000 (whichever is smaller) per single transaction.

## **9.0 Reserves and Investment policy**

### **9.1 Reserves**

- Apart from the Fixed Asset Reserve there are two other reserves held by the Academy. These are classified as restricted and unrestricted. Restricted reserves relate to monies funded through public funding or funds provided to the academy for a specific purpose including grant funding and specific donations. Unrestricted reserves relate to funds the academy receives that have no restrictions and can be utilised in line with academy objectives and governors' discretion. Funds are classified in line with DFE and Charity Standard Operating Practice (SORP) guidelines.
- The academy's current policy in respect of reserves is to ensure they retain sufficient reserves to protect against fluctuations in funding and cover any delays in receiving funds and any emergency building works, as per DFE guidelines. Annually reserves should be carried forward to meet the academy's long-term objectives and not affect current operational activities. The Trustee's objective is to build up and retain reserves to the equivalent of one months' operating expenditure (approximately £400,000).

### **9.2 Investment Policy**

The Chartered Institute of Public Finance and Accountancy (CIPFA) publishes a Code of Practice for Treasury Management in the Public Services, this defines treasury management as:

- The management of a school's cash flows, banking, money market and capital market transactions.
- The effective management of the risks associated with those activities; and
- The pursuit of optimum performance consistent with those risks.

The objectives of treasury management are to:

- Provide a means by which the Academy can meet its commitments.
- Ensure that sufficient sums are available at short or no notice to meet foreseeable requirements.
- Earn an acceptable rate of return on surplus funds without undue risk; and
- Spread risk between differing types of investment and institutions if demanded by the principles of prudent management of the investment.

#### **9.2.1 Responsibility, limits, and authority**

The AO and Governing Body have responsibility for the overall security and management of Academy funds. The CFO controls the day-to-day management of the treasury function.

Only the CFO and the Finance Officer(s) have access to the bank accounts online and the AO, CFO and Finance Officer(s) have access to the Commercial Business banking where supplier payments are uploaded and paid.

The CFO will liaise with the AO and Governing Body in relation to strategy and market conditions.

The Governing Body reserves the power to:

- Give prior approval to the opening of new bank current accounts.
- Amend the list of approved institutions.
- Give prior approval to any bank deposit with a maturity date of greater than three months; and
- Give prior approval to any investment product other than a bank deposit.

The Governing Body delegates power to the CFO to place deposits in the Academy's name, at approved institutions, subject to the agreed limit referred to above. No deposits will be placed by the CFO without prior authorisation by the AO. Deposits will be confirmed in writing after the event by the bank.

Authorised cheque / bank transfer signatories of the Academy are set out in the Academy Scheme of Financial Delegations. The AO and Governing Body must approve any changes in the authorised signatories.

### **9.2.2 Borrowing of funds**

The Academy is not allowed to borrow on a short-term basis without the permission of the Secretary of State. The Academy does not currently envisage the need to operate an overdraft. Should this situation change the overdraft or other form of borrowing will only be undertaken after the Governing Body and the Secretary of State have given approval.

The Academy is able to access Central Government Loan's for Capital works funded through the Capital Improvement Fund (CIF). Any loans applied for as part of bidding for CIF funding should be brought to the attention of Governors and permission agreed prior to the bid being submitted. The bids are usually submitted in November each year. Approval will review the amount and term of the loan and the current level of loans outstanding and the affordability of payments.

### **9.2.3 Investment of funds**

Returns on working capital should be optimised whilst ensuring easy access of the funds. In balancing risk against return the Academy's policy is based on avoiding risk rather than maximising income.

The Academy will operate a charge free current account and an interest-bearing deposit account with a bank approved by the Governing Body and maintain a balance in those accounts that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (a cash buffer) for unexpected payments and emergency needs.

Any Academy monies surplus to day-to-day working capital requirements shall be invested in an account in the name of the Academy with any UK banking institution up to the value of £85,000 (covered under the Financial Services Compensation Scheme).

For deposits above this amount, the CFO must check the Moody's credit rating of the institution on [www.moodys.com/credit-ratings/](http://www.moodys.com/credit-ratings/) to ensure that its short-term credit rating is at least P2. This will mitigate the Academy's counterparty credit risk by using institutions that have a low-risk score.

Deposits may be held in a higher interest-bearing account operated by the same bank that the Academy operates its current and deposit accounts with, or an alternative approved institution.

The Academy will not take out any long-term investments until a reliable cash flow pattern has been established; monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

The Academy recognises that security of investment is paramount. (See Section 9.2.3 for procedures for selecting banks that are high quality investment counterparties). The CFO will take external professional financial advice as required to ensure amendments are brought to the Governing Body should the assessed strength of these institutions be downgraded or should it be felt appropriate to include new institutions.

### **9.2.4 Credit risk**

Credit risk is to be minimised by ensuring that funds are spread across a range of institutions as appropriate. The limits of funds invested with approved institutions will be approved at least annually by the Governing Body and more frequently subject to market conditions. The current approved limit is £500,000.

### **9.2.5 Cash flow forecasts**

The CFO will prepare and present to the Governing Body an annual monthly cash flow statement in advance of each academic year to highlight expected cash balances throughout the year that may be invested and give early warning of any need to seek approval to borrow. The CFO will also maintain a rolling 12 month forecast.

### **9.2.6 Register of investments and deposits**

The CFO will maintain a register of all investments and deposits held, other than the current and deposit accounts at Lloyds Bank, which will record the:

- Institution with which the deposit was made.
- Date deposit was placed.
- Amount deposited.
- Date of maturity.
- Amount returned.
- Interest earned.
- Rate of interest obtained; and
- Authorisation for the transaction.

### **9.2.7 Recording, monitoring and review**

Bank balances and all investments and deposits will be reconciled and balanced to the Academy's accounting records every month.

The cost of funds and the requirement for funds will be monitored on an ongoing basis via the management accounts the 12 month rolling cash flow forecast. The Academy's cash position will be discussed regularly by the AO and the CFO and be communicated to the Governing Body and the Finance Sub-Committee.

The Academy will review its treasury management framework annually and assess its implementation and effectiveness. The CFO will report on the effectiveness of the framework to the Governing Body or the Finance Sub-Committee as appropriate.

## **10.0 VAT**

The Academy is VAT registered.

The Academy must account for VAT in accordance with statute. In general, this will lead to a refund which is claimed monthly via a return submitted to HMRC from the Academy Finance System.

The need for VAT registration is at the discretion of the academy. Internal audit advice states "VAT registration means that the Trust falls within the full HMRC VAT regime, including the requirement to submit regular VAT returns. This also means that the Trust is subject to the VAT penalty regimes should any errors be made when submitting VAT returns".

The registration for VAT is currently being reviewed by the appointed Auditors to ensure the academy will not be liable for any penalties.

## APPENDIX 1

### Bishop Perowne C of E College – Finance, Audit and Risk Committee Terms of Reference (ToR)

#### Finance, Audit and Risk Committee Membership

The Finance Committee shall consist of at least three Governors. The Finance Committee should meet at least once every term.

Individuals with the requisite knowledge and skills to effectively engage with and challenge school leaders will be appointed to the committee

#### Purpose:

- To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.
- To make appropriate comments and recommendations on such matters to the governing body on a regular basis. Major issues will be referred to the full governing body for ratification.
- The committee is authorised to consider:
  - To consider the academy's indicative funding, notified annually by the ESFA, and to assess its implications for the academy, in consultation with the Headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
  - To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
  - To consider and recommend acceptance/non-acceptance of the academy's budget in July every year.
  - To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Headteacher, with the stated and agreed aims and objectives of the academy.
  - To liaise with and receive reports from the staffing/remuneration and curriculum committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
  - To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the ESFA, drawing any matters of concern to the attention of the governing body.
  - To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
  - To review the financial statement to form part of the annual report of the governing body to parents and for filing in accordance with Companies Act and Charity Commission requirements
  - To receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings.
  - To recommend to the full governing body the appointment or reappointment of the auditors of the academy.
  - Oversee and approve the academy's programme of internal scrutiny, ensuring risks are being addressed appropriately through internal scrutiny
  - Report to FGB on the adequacy of the academy's internal control framework for both financial and non financial control and the management of risks through the review of the Risk Policy and Risk Register.

APPENDIX 2



**New Supplier Form**

*Reason for New Supplier*

Supplier Name	
Supplier Registered Business Address	
Supplier VAT Number	
Supplier Bank Details: Sort Code  Account Number  Account name	
Contact Details: Registered Contact	



Email Address   Telephone	
Payment Terms	

**Finance Office Checklist:**

Supplier Reference: \_\_\_\_\_ Created by: \_\_\_\_\_ Date: \_\_\_/\_\_\_/202

Details Checked: Address  Bank Details  IR35

Checked by: \_\_\_\_\_ Date: \_\_\_/\_\_\_/202

APPENDIX 3



**Bishop Perowne**  
Church of England College  
**Endeavour Forever**

**Self-Employment Form**

Supplier Name	
Supplier Registered Business Address	
Reason for Supply	

This form is to certify that you are providing a service to Bishop Perowne Church and England College as a Self-Employed person and as such you are liable for informing HMRC of the income you receive in respect of this contract for National Insurance and Income Tax purposes.

Please complete the Check Employment Status on HMRC website <https://www.gov.uk/guidance/check-employment-status-for-tax> and return the result with this form.

Please sign and return this form by post to:  
Tracey Cregeen, Chief Finance Officer, Bishop Perowne Church of England College, Merrimans Road, Worcester, WR3 8LE.  
or email to [cregeent@bishopperowne.co.uk](mailto:cregeent@bishopperowne.co.uk).

Signed: .....

Dated: .....

APPENDIX 4



**Internal Order Requisition  
Petty Cash Claim  
Staff Re-imbusement  
Cash Withdrawal**

Delegated/College Fund \_\_\_\_\_ Budget /Fund Holder signature\_\_\_\_\_

Department Code\_\_\_\_\_ Date\_\_\_\_\_

**Claimant/Supplier:**  
*Please note any staff re-imburements will only be made if they are accurate and incurred in the business of the College.*

Catalogue No.	Description	Quantity	Price	Total
			<b>Total</b>	

**Order Number**

REMEMBER TO STAPLE YOUR RECEIPTS TO THE FORM  
Please note staff re-imburements will not be re-imbursed without prior approval



## Purchase Guidelines Checklist

Please refer to the Financial Policy and Procedures Manual for Details or the summarised Procurement Guideline Process.

If in any doubt or if you are unsure, please contact:

Finance Officer, Niamh Bartlett [bartlettn@bishopperowne.co.uk](mailto:bartlettn@bishopperowne.co.uk) Ext 802

Senior Finance Officer, Osmay Imran [imrano@bishopperowne.co.uk](mailto:imrano@bishopperowne.co.uk) Ext 843

Chief Finance Officer, Tracey Cregeen [cregent@bishopperowne.co.uk](mailto:cregent@bishopperowne.co.uk) Ext 851

### New Suppliers

Wherever possible existing suppliers set up should be used? The Finance Office can assist in informing budget holders about existing suppliers.

If a budget holder requires a new supplier to be set up a New Supplier Form should be completed.

### Quotation Requirements

- Have the required number of quotations been sourced?  
Yes  No
- If yes, have the quotes been attached to the Internal Order Requisition  
Yes  No
- If No, please complete a has a Waiver Declaration Form and attach the quotes that have been provided.

### Ordering Requirements

- Has an Internal Order Requisition/Petty Cash Claim/Staff Re-imburement Form been completed?
- This can be done by completing a form or via email with the correct details and sending it to [purchaseorders@bishopperowne.co.uk](mailto:purchaseorders@bishopperowne.co.uk)
- Please note the Internal Order Requisition will need to be authorised by the budget holder either by a signature on the written Internal Requisition order Form or via email from their email address to [purchaseorders@bishopperowne.co.uk](mailto:purchaseorders@bishopperowne.co.uk)

- If it is a Staff Re-imburement or Petty Cash Claim, has a **valid VAT receipt** been handed to the Finance Office?

***Please note without a valid receipt payment will not be made***

## APPENDIX 6

### Related and Connected Parties

#### Why do we need to know?

If we have any related party transactions with another entity that is >£20,000 we need to declare it to ESFA.

Raised previously as a management point alongside declarations of interest – to ensure Trustees understand Party what a related party could be to ensure all are declared.

This is to safeguard the school and the Trustees to ensure all contracts are given fairly, transparently and adhere to the Academies Financial Handbook, Charities Statement of Operating Practice, the Financial Reporting Standard 102, and The Academy Accounts Direction, all of which the school must abide by.

The school needs to ensure that transactions are based on best value and not due to interests of related parties. The purpose is to ensure all decisions on transactions are not influenced by relationships with Related Parties.

No member or trustee, employee or related individual should use their connection to the school for personal gain. Any transactions need to be transparent and be completed “at cost” for that good or service.

All related party transactions need to be notified to ESFA prior to them happening and any exceeding £20,000 require ESFA prior approval.

#### **Who is a related or connected party? (Extracted from The Charities Statement of Recommended Practice)**

Related Parties include the School’s Trustees and close family members and any entities that they control or have a significant interest in. A Related Party Transaction is the transfer of resources, services, or obligations between parties, regardless of whether a price is charged.

The following are classed as Related Parties:

The following ‘natural persons’ are classed as related parties:

- A. any charity trustee and custodian trustee of the charity.
- B. a person who is the donor of any land to the charity (whether the gift was made on or after the establishment of the charity); and
- C. any person who is:
  - 1. a child, parent, grandchild, grandparent, brother, or sister of any such trustee (A) or donor (B) of land.

2. an officer, agent, or a member of the key management personnel of the charity.
3. the spouse or civil partner of any of the above persons (A, B, C1 and C2).
4. carrying on business in partnership with any of the above persons (A, B, C1, C2 and C3).
5. a person, or a close member of that person's family, who has control or joint control over the reporting charity.
6. a person, or a close member of that person's family, who has significant influence over the reporting charity. 'Close member of a person's family' refers to:
  - a. that person's children or spouse.
  - b. the children, stepchildren or illegitimate children of that person's spouse or domestic partner; CHARITIES SORP (FRS 102) Page 191
  - c. dependants of that person; and
  - d. that person's domestic partner who lives with them as husband or wife or in an equivalent same-sex relationship.

A charity is not necessarily related to another charity simply because a particular person happens to be a trustee of both. It will only be 'related' if the relationship means that one charity, in furthering its charitable aims, is under the direction or control of the trustees of another charity. Please note these do not have to be included on the school's register of interests.

The following entities, which are not 'natural persons', are classed as related parties of a reporting entity (including a reporting charity) if any of the following conditions apply:

- the entity and the reporting charity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
- one entity is an associate or joint venture of the other entity (or a member of the group in which the other entity is the parent or a member).
- both entities are joint ventures of the same third entity.
- one entity is a joint venture of a third entity, and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- the reporting charity provides/receives key management personnel services to/from the entity.
- an entity that is controlled or jointly controlled by a person, or two or more persons, identified in A, B or C.
- an entity in which a person, or two or more such persons, identified in A, B or C, taken together, have a substantial interest or significant influence over the entity; Control is presumed to exist when one or more persons identified in A, B or C, taken alone or together, hold directly or indirectly, more

than half the voting power of an entity. However, control can also exist when they, directly or indirectly, control half or less than half of the voting power of an entity, if they have:

- power over more than half of the voting rights by virtue of agreement with other investors.
- the power to govern the financial and operating policies of the entity under a statute or an agreement.
- the power to appoint or remove the majority of the members of the board of directors or equivalent governing body, and control of the entity is by that board or body; or
- the power to cast the majority of votes at the meetings of the board of directors or equivalent governing body, and control of the entity is by that board or body.

An individual has a substantial interest or significant influence in an entity where that person, or two or more persons identified in A, B or C, taken together, have an interest in the equity share capital of that entity of a nominal value of more than one-fifth of that share capital, or is entitled to exercise, or control the exercise of, more than one-fifth of the voting power at any general meeting of that entity.

In summary all members, trustees and senior employees are related parties, and this also applies to their close family. The key to deciding if there is a related party is in respect of who can influence decisions for transactions between related entities and the school.

As a guide however it is good practice to disclose even if there are not transactions taking place with the school. If you are in any doubt, it is best to declare or ask your Chief Finance Officer's advice as this is a complex area and can be confusing. The Chief Finance Officer will consult with External Audit if they are in any doubt.

### **What is best practice in relation to Related Parties and Connected Parties?**

Areas of best practice when transacting with related parties is to do the following:

- Trustees to declare any personal interest in any personal interest in proposed transactions avoiding conflicts of interest.
- Regularly reviewing the register of interests This is why this is asked at each Full Governing Body Meeting. Changes in year need to be declared and reported to the Clerk to Trustees (Currently Kate Joiner/Claire Finch)
  - This register must record business and pecuniary interest of members, trustees, and senior employees and the nature of that interest e.g., being a director, partner, or employee.
- Individuals should remove themselves from the decision-making process where there is a potential conflict of interest.
- Follow competitive and robust procurement procedures in line with the school's financial policy and UK law.
- Make decisions based on an assessment of value for money.
- Keep a directory of related parties the school may engage with— an approved supplier list would assist in this process; one is attached to this report based on our current approved suppliers.



- Ensure that this list is provided to Trustees at least once a year so they can identify any potential related parties and interests.
- Keep Trustees abreast of any new businesses throughout the year so any new interests in year can be declared.

APPENDIX 7



**TIMESHEET AND ADDITIONAL HOURS CLAIM FORM- TEACHING AND ALL SUPPORT STAFF**

School: Bishop Perowne Church of England College      Month Ended: \_\_\_\_\_ 20\_\_

Name of Claimant: \_\_\_\_\_

Role: Please check correct box      Teacher            Education Support        
    Premises Staff       Administration Staff        
    Catering Staff       Invigilator        
    Other            Please specify role \_\_\_\_\_

Date	Hours Claimed	Reason/Details of work completed
<b>Total Hours</b>		

Signature Claimant \_\_\_\_\_ Date \_\_\_\_\_

Signature Line Manager/HeadTeacher \_\_\_\_\_ Date \_\_\_\_\_