



## **Finance Policy**

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**Date approved  
By Governing Body:**

**Review Schedule:** Annual

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**Committee Responsibility:** Finance and Premises

**Member of Staff Responsible:** College Manager

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## Description of Policy Formation and Consultation Process

**People involved:** College Manager  
Principal  
Finance and Premises Committee

### **Appendices:**

**Appendix 1** Scheme of Delegation and Authorisation

All references below to “the College” refer to Clyst Vale Academy Trust. References to CVCC refer to Clyst Vale Community College, the college’s name

# FINANCIAL POLICY & PROCEDURES

## **Purpose**

The purpose of this policy and procedures is to ensure that the College maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of Clyst Vale Academy Trust's Funding Agreement with the Secretary of State for Education.

The College must comply with the principles of financial control outlined in the academies Finance Handbook published by the Education & Skills Funding Agency (EFSA) September 2017. This policy expands on that and provides detailed information on the College's accounting procedures. It should be read by all staff involved with financial systems and accountability.

The policy also covers other finance related policies such as depreciation, school companies, reserves and investments.

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- 1 Scheme of Delegation

## **2 Organisation**

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

### **The Board (Governors)**

The governors will manage their affairs in accordance with the high standards detailed in “Guidance on Codes of Practice for Board Members of Public Bodies” and in line with the seven principles of public life:

#### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest.

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

#### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **Openness**

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **2.1 Managing the College Finances**

The governing body has overall responsibility for administration of the College’s finances. The main responsibilities of the governing body are prescribed in the Funding Agreement between the College and the Secretary of State for Education. The main responsibilities include:

- Agree the long term financial objectives for the Trust
- Ensure the grant from the EFSA is used for the purposes intended
- Approval of the annual budget and any material changes
- Approval of changes to the personnel establishment
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained

- Ensure the budget monitoring statements are a true and accurate record on income and expenditure
- Approval of the annual accounts

## **2.2 Finance & Premises Committee**

The main responsibilities of the Finance & Premises Committee include:

- Initial review and authorisation of the annual budget and any material changes
- Regular monitoring of actual expenditure and income against budget
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the EFSA guidance issued to academies
- Authorising the award of contracts as per Appendix 1
- Recommendation of changes to the personnel establishment
- Appointment / Re appointment of auditors in conjunction with the Audit Committee
- Provide information and assistance as required by any Internal Audit carried out to enable a decision on the effectiveness of the financial procedures and controls. Discuss findings and recommendations with the Audit Committee as appropriate.
- To approve the Buildings Development Plan and monitor income and expenditure against budget

## **2.3 The Principal**

The Principal has overall executive responsibility for the College. The Principal retains responsibilities for:

- Approving of staff appointments.
- Authorising orders and contracts within the approval limits shown in Appendix 1
- Authorising payments within the approval limits shown in Appendix 1
- Monitoring regular budget reports with the College Manager and acting on any overspends or risks

The funding agreement identified the Principal as the Accounting Officer who is personally responsible to the governing body for:

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources; and
- The day to day organisation, staffing and management of the College

The Accounting Officer has the duty to take action if the governing body or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the governing body, details sent to the Permanent Secretary and the College's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

## **2.4 College Manager**

The College Manager works in close collaboration with the Principal through whom he or she is responsible to the Governing Body. The College Manager also has direct access to the Finance & Premises Committee. The main responsibilities of the College Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the College's financial position at a strategic and operational level
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the College
- the preparation of monthly management accounts;
- authorising orders and the award of contracts within the approval limits shown in Appendix 1
- authorising payments within the approval limits shown in Appendix 1
- ensuring forms and returns are sent to the DfE/EFSA in line with their reporting deadlines -
- submitting grant applications and reports to all relevant bodies

## **2.5 Internal Audit Committee**

The trust operates a combined Finance & Premises and Internal Audit and provides Governors with an independent oversight of Clyst Vale Academy Trust's financial affairs. CVCC staff may be members but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions. The main duties of the Internal Audit Committee are to provide the Governors with independent assurance that:

- the financial responsibilities of the Governors' are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions

In addition to any of its own checks, the Full Board has engaged an external independent body to look at the effectiveness of the financial processes and controls in place and at least yearly will report to them on their findings.

A programme of checks will be agreed with them and financial reviews will be carried out in order to provide the governing body and indirectly the Department for Education with the required assurance.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.
- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised.

- Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports.
- Carry out spot checks of petty cash balances and supporting vouchers
- Review all major contracts and ensure formal tender procedures exist and are being followed.

An initial discussion of the findings from each visit will be discussed with the College Manager and then a detailed report provided to the Audit Committee with recommendations as deemed necessary.

The responsible officer appointed on the Audit Committee will analyse the report and discuss any further action they feel necessary with the appropriate personnel. The Audit Committee will then meet to agree the report, discuss the findings and take appropriate action as defined in their terms of reference. Recommendations will be presented at the following full board meeting by the responsible officer to get agreement. Any action and communication will be followed up by the Audit Committee. Copies of the full report and Audit comments and responses will be available to Governors via moodle or on request to the Clerk to the governing body. The Audit Committee should also receive the external auditors report and discuss any action necessary and make recommendations as necessary to the full board and follow up to ensure action taken.

## **2.6 Other Staff**

Other members of staff, primarily the Finance Officer, their team and budget holders, will have some financial responsibilities and these are detailed in Appendix 1 Scheme of Delegation. All staff are responsible for the security of College property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the College's financial procedures.

## **2.7 Register of Interests**

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

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

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

## **2.8 Conflicts of Interest**

Any Governor or staff member should declare any conflicts of interest (potential or actual).

Any Governor or member of staff should then be excluded from making any decisions or authorisations on a related contract or supply.

## **2.9 Security of processes**

### **Anti-bribery and corruption**

The College is committed to implementing effective measures to prevent, monitor and eliminate the risks of bribery, theft and corruption and to enforcing effective systems to counter such acts.

This applies to all Staff working in the College, whether paid or unpaid, whatever their position, role or responsibilities and **Staff** includes employees, directors, contractors, and volunteers. It also applies to any person or body, acting on its behalf and any third party.

The College conducts its business activities in an honest and ethical manner. The College will not tolerate any form of bribery and / or corruption by, or of, its Staff.

The College sets out the responsibilities of those working for the College, in observing and upholding its position on bribery and corruption; and provides information and guidance to those working for the College on how to recognise and deal with bribery and corruption issues.

**Definition of a bribe:** A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

**Definition of third party:** Third party means any individual or organisation you come into contact with during the course of your work for the College. This includes parents, carers or guardians of current or prospective pupils, suppliers, distributors, business contacts, agents, advisers, government and public bodies, including their advisors, representatives and officials, politicians and political parties.

#### **Definition of Fraud**

Fraud is defined as dishonest activity causing actual or potential financial loss to the College (including thefts of monies or other property) and where deception is used at the time, immediately before or immediately following the activity.

This also includes deliberate falsification, concealment, destruction or use of (or intention to use) falsified documentation and the improper use of information or position for personal financial benefit.

#### **Definition of Corruption**

Corruption is a dishonest activity in which an executive, manager, employee or contractor of the College acts contrary to the interests of the College and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

Fraud and corruption can be perpetrated against the College by:

- An employee
- an agency or external individual
- a contractor or service provider
- any combination of the above, acting in collusion or otherwise.



### **3 Financial Planning**

The College will prepare both medium term and short-term financial plans. These plans are prepared as part of College review process. The College Strategic Plan indicates how the educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The College Improvement Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the College and the planned use of those resources for the following year.

The budgetary process is described in more detail below.

#### **3.1 Annual Budget**

The College Manager is responsible for working with the Principal and others to prepare a draft annual budget for consideration by the Finance & Premises Committee.

The Finance & Premises Committee and Full Governing Body must approve the budget prior to being submitted to the EFSA by the deadlines in the current legislation.

The College Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to the College for the forthcoming year and will detail how those resources are to be utilised. There will be a clear link between the College Improvement Plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of students to estimate the amount of EFSA grant receivable;
- review of other income sources available to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the College cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the College Improvement Plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

#### **3.2 Balancing the Budget**

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

#### **3.3 Finalising the Budget**

Once the different options and scenarios have been considered, the draft budget should be submitted with a statement of assumptions to Finance & Premises Committee and Full Governors for approval. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be seen as a working document which may need revising throughout the year as circumstances change.

### **3.4 Budget Management, Monitoring and Review**

A management account budget monitor to be completed on a monthly basis and presented to SLT and Finance and Premise Committee.. The reports will detail, as a minimum, actual income and expenditure against budget at a summary level for Principal and Finance & Premises Committee, a three year projection, cash flow analysis and breakdown of reserves. Budget holders have access to real time reports via the web portal.

The Principal may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the College as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Principal who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

Any potential overspend against the budget must be discussed with the College Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the College Manager.

The College Manager will propose budget changes to the F&P Committee. This will include all overspends and underspends on each budget. (We do not operate a virement system). These will then be approved by the Committee as they deem appropriate.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. The Finance & Premises Committee will continually monitor the quality of the financial information presented to ensure that what is provided remains appropriate, particularly in terms of the timing, level of detail and narrative.

All budget changes must be authorised by the appropriate person detailed in Appendix 1

## **4 Accounting system**

All the financial transactions of the College must be recorded on the PS Financials accounting system (PSF). The PSF system is operated by the Finance team and includes the following key elements:

- Income
- Purchasing
- Payroll
- Assets
- Bank Accounts

Detailed information on the operation of the PSF system can be found at P:Finance manual.

### **4.1 Administration**

There will be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records will be stored for 7 years in accordance with the Companies Act. Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.

Authorisation and supervisory controls will ensure transactions are properly recorded or that errors are identified. All records will be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.

## **4.2 Access Rights**

The College Manager is responsible for setting access levels for all members of staff using the system. Access rights within PSF are defined for each user with a unique ID and password.

## **4.3 Back-up Procedures**

The finance system will be protected by robust back up procedures; the system should be backed up daily and should be stored off site. An additional back up will be stored on site in an alternative location.

## **4.4 Transaction Processing**

Transactions will only be posted if they have the correct authorisation. The procedures for the operation of the payroll, the purchase ledger and the sales ledger (Income) are shown separately below.

- All journal transfers will require signatures by the Budget Holders or originator of the journal and then authorised by the relevant member of the finance team. See limits in Appendix 1. Salary journals must be authorised by the College Manager / Principal.
- The College Manager will obtain and Review System Reports to ensure only regular transactions are posted to the accounting system.
- The Finance Officer will ensure that reconciliations are performed each month for sales ledger control account, purchase ledger control account, payroll control account, all suspense accounts, and bank balance per the nominal ledger to the bank statement and that any reconciling or balancing amounts are cleared. Any unusual or long outstanding reconciling items must be brought to the attention of the College Manager.
- The College Manager will review and sign all reconciliations as evidence of review.

## **5. Payroll**

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

### **5.1 Staff Appointments**

The governing body will approve the personnel establishment for the College. Changes can only be made to this establishment with the express approval in the first instance of the Finance & Premises Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Principal has the authority to appoint staff within authorised establishment. The Personnel Officer will maintain personnel files for all members of staff, which include contracts of employment. All personnel changes must be notified, in writing, to the College Manager to enable budget monitoring of the Salaries budgets.

## **5.2 Payroll Administration**

Payroll is operated in-house using the STAR payroll programme as approved by governors.

All Payroll transactions relating to College staff permanent or casual will be processed through the payroll system. Payments for employment will not be made to staff through any other mechanism.

All personnel files are stored in a lockable cabinet. Only the Principal, College Manager, Personnel Officer and Finance office staff have access to staff files but individuals can request to see their own files in line with data protection policies.

The Personnel Officer is responsible for keeping the staff personnel database up-to-date via SIMS Personnel recording system.

## **5.3 Payments and Monitoring of the Payroll**

After the payroll has been processed, but before payments are dispatched, a print out of salary payments by individual and showing the amount payable in total will be obtained from the system. The print must be reviewed and authorised together with authority to release payment by the College Manager.

All salary payments are made by BACS

The College Manager will undertake a monthly reconciliation of current months and previous month's gross salary and investigate any variances. This reconciliation will compare reports between STAR (actual payments) and Orovia (the college's budgeting tool)

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The Pay Spine Detailed Run report details all pay components including net pay, tax, pension, salary deductions and this is signed by both the Personnel Officer and College Manager as a true and accurate record. Payments to staff, HMRC and Pension providers are all via bacs created directly from STAR. These payments are uploaded to Lloyds bank by the Finance Officer and authorised by a member of SLT, who has all relevant paperwork to check amounts prior to approval.

Payments for other salary deductions including, but not limited to, union contributions, AO's and made via a DDSO within PSF. Payments to staff on 25<sup>th</sup> of the month and to HM Revenue & Customs and Pension providers on 19<sup>th</sup> of the following month.

After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Officer will review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account. Any journal entries identified as required for payroll must be authorised by the College Manager or Principal.

Each year the College Manager and Personnel Officer will check each member of staff's gross pay against the payroll system to the contract of employment.

## **6 Purchasing and Payments**

The College will achieve the best value for money for all purchases. This means that we get what we need in the correct quality, quantity and time, at the best price possible. A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

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

The College Manager will ensure that there is a clear separation of duties within the finance team, such that one individual is not able to record a complete transaction.

### **6.1 Orders for Goods and services**

Official orders will be raised using the College on-line financial accounting system. All orders will be authorised by the budget holder. Where the value of an order reaches the defined limit shown in Appendix 1, the VFM procedures detailed below must be followed and the documentation attached. Orders should only be raised if the VFM documentation is present and correct.

Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practicable and with prior approval from the College Manager. In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.

### **6.2 VFM Procedures**

Orders up to the limit defined in Appendix 1 do not require receiving different quotes, although best price for the quality/quantity/service should always be obtained.

Orders over the defined limits above require different number of quotes. There are also limits which must be subject to the tendering procedures as shown below. Purchases over EU threshold may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Limits are shown in Appendix 1

### **6.3 Forms of Tenders**

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

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Resources Manager how best to advertise for supplier's e.g. general press, trade journals, or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the College's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

Full consideration should be given to:

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

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

### **Invitation to Tender**

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

### **Aspects to Consider**

Financial

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

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards

- Quality control procedures
- Details of previous sales and references from past customers.

#### Other Considerations

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

#### **Tender Acceptance Procedures**

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

#### **Tender Opening Procedures**

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

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

#### **Tender Evaluation Procedures**

The evaluation process should involve the Value For Money Committee (VFM) and at least two representatives from the College, usually the budget holder and the Resources Manager. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and a verbal report should be made to the finance & Premises Committee highlighting the relevant issues and advising the decision.

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

The accepted tender should be the one that is economically most advantageous unless it can be demonstrated that is not the best option for the College. All parties should then be informed of the decision.

## **6.4 Payments**

Invoices will be paid when the budget holder has shown approval that goods or services have been received and are of the quality expected. Any discrepancies must be notified to the Finance Assistant for appropriate action to be taken.

No photocopied or faxed invoices will be paid.

At least two different people must be involved in the process of checking orders and agreeing invoices and authorising payment. The authorised signatures will be checked to the

master list held in the finance dept. Cheques can be paid up to the limit in Appendix 1 and require 2 authorised signatures. Payments are normally made by BACs as per the limits in Appendix 1 by the persons shown in Appendix 1.

The Finance Officer will ensure that cheques are sent out with the required numbers of signature and that all controlled stationery is stored in a locked cupboard. A list showing specimen authorised signatories is kept in the Finance dept.

All cheques and cash are to be stored in the safe and the keys held within a locked cabinet.

## **6.5 Payments to Individuals**

Payments can be made to individuals on production of an invoice. An enquiry must be carried out on the individual on the HMRC, Employment Status Indicator Tool and a reference number obtained. The link is: <https://esi2calculator.hmrc.gov.uk/esi>

## **7 Income**

The main sources of income for the College are the grants from the EFSA and other outside agencies and funding from the Local Authority. The receipt of these sums is monitored directly by the College Manager who is responsible for ensuring that all grants due to the College are collected.

The College also obtains income from:

- students, mainly for trips
- the public, mainly for lettings

The College recognizes that the financial climate for education is increasingly pressured, and it may need to consider additional income streams in order to maintain and develop its offer for students. In times of financial necessity, CVCC will continue to prioritise financial efficiencies and ensuring value for money across all areas of expenditure. When capacity permits, CVCC will also consider additional income generation as a means of strengthening its financial resilience. This may include applications for external funding, fundraising, sponsorship, school to school support, sharing staff and services, and maximising the value of its assets.

### **7.1 Trips/Activities**

The finance department will take responsibility for ensuring the collection of sums due for each trip. The trip leader must prepare a costing sheet giving an estimate of income and expenditure for the number of students going on the trip and there must be evidence to show that there is no intention to make a profit. The trip leader must advise the Finance department which students are participating in the trip.

Students should make payments via the on-line payment system. In exceptional circumstances payment may be made in cash direct to the finance department who will issue a receipt.

The Finance department will maintain an up to date record for each trip on Schoolcomms showing the amount paid and the amount outstanding, they are responsible for chasing any outstanding amounts if applicable.

### **7.2 Lettings**



The policy for lettings and charging of premises is contained in a separate document. The Policy and charges will be reviewed annually and approved by the Finance & Premises Committee.

The Facilities Manager is responsible for maintaining records of bookings for facilities and advising the Finance Manager who will issue invoices. Wherever possible payments will be collected in advance.

The Finance Team will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the governing body. (EFSA prior approval is also required if the debt to be written off is above the value detailed in the funding agreement).

### **7.3 Debtors**

Debts within the limit specified in Appendix 1 may be written off only by those persons specified.

Debts above the level detailed in the annual funding letter must be submitted to EFSA for approval to be written off.

The following debt recovery policy will be applied:

- If payment has not been received 30 days after invoice a first reminder will be sent requesting payment.
- If payment is not forthcoming after a further 30 days, a second reminder will be sent with a threat of further action (unspecified) to recover the debt if payment is not received within 7 days.
- If payment is still not forthcoming, a third reminder will be sent with a threat of legal action through the small claims court if payment is not received within 7 days.
- If payment is still not forthcoming the matter is reported to Finance & Premises Committee to seek approval for proceeding with legal action through the small claims court.
- The current aged debtors report together with details of any debts outstanding and requests for debts to be written off will be provided for each Finance & Premises Committee meeting.

### **7.4 Custody**

Official, pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists. The amount held must be within the Insurance cover as defined in Appendix 1. All banking will take place at least fortnightly but when limits reach amounts defined in Appendix 1 they are banked in accordance with Appendix 1. Cash and cheques must be held in the safe in the Finance office and the safe in the principal's office is also available for use over certain limits. When items are placed in the safe a check on these limits should be carried out and appropriate action as defined in Appendix 1 taken.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Officer.

## **8 Cash Management**

### **8.1 Bank Accounts**

The opening of all accounts must be authorised by the Governing Body. The Appendix 1 shows authorised staff and limits for operation of accounts once opened.

### **8.2 Deposits**

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

- the amount of the deposit
- a reference, such as the number of the receipt or the name of the debtor.

### **8.3 Payments and withdrawals**

All cheques and other instruments authorising withdrawal from College bank accounts must be checked to the authorised signature list held in the finance dept. Cheques can be paid up to the limit in Appendix 1 and require 2 authorised signatures. Payments are normally made by BACs as per the limits in Appendix 1 by the persons shown in Appendix 1.

### **8.4 Bank Reconciliations**

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

- all bank accounts are reconciled to the College's cash
- reconciliations are prepared by the Finance Officer
- reconciliations are subject to a random review carried out by the College Manager
- adjustments arising are dealt with promptly.

### **8.5 Petty Cash Accounts**

All petty cash reimbursement is made via payroll on a monthly basis. Payments of petty cash will not be made without receipts and signed authorisation from the approved person and only within the limits and manner as defined in Appendix 1. VAT receipts must be obtained for purchases where appropriate. The Finance department is responsible for entering all transactions into the petty cash records on a regular basis and this information is given to the Personnel Officer at the start of each month (following receipt) for inclusion in the month's payroll run. Regular as well as unannounced cash counts will be undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation. Petty cash will be held in a locking cash box which is put in the safe overnight.

### **8.6 Student Visits**

When it is necessary for staff to have the need to pay for items for students i.e. meals, during a College visit every effort will be made to minimise the amount of cash being carried by using travellers cheques or other appropriate means. In the majority of cases this will be via the use of a pre-loaded travel card which should be requested a minimum of 15 working days in advance. If there is a need to take cash this will be limited to £100 (€200), any amounts outside of these limits must be agreed in advance with the College Manager. Authorisation for cash to be taken may be given by the Principal or the College Manager. The amount authorised will be consistent with the budget previously approved for the visit. All expenditure must be accompanied by the correct receipts. If there is no receipt the college reserves the right to refuse payment. Student personal spending money should not be collected as part of a trip payment

## **8.7 Cash Flow Forecasts**

The Finance Officer is responsible for preparing cash flow forecasts to ensure that the College has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds as defined in the Investment Policy.

## **8.8 Investments**

Investments must be made only in accordance with the college's investments and reserves policy procedures approved by the governing body. Details of investments should be provided to the Finance and Premises Committee on a regular basis.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information will detail rates, dates, amounts and any other information deemed appropriate.

# **9 Fixed assets**

## **9.1 Asset register**

To comply with our accounting policy all items purchased with an individual value of £1,000, or a collective value of £2,500, which are deemed to be capital assets and benefit expected to be realised over a period of at least 5 years are posted to the fixed asset account and updated on the register. e.g. Equipment such as computers, printers, photocopiers, desks etc

Lists of assets are held centrally on-line and will include serial numbers etc for further identification.

The main register will show:

- asset description
- date of acquisition
- asset cost
- expected useful economic life
- depreciation
- current book value
- location

The Asset Register and list helps:

- ensure that all assets are identifiable and that staff take responsibility for the safe custody of assets and ensure kept in a safe location
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- the college to correctly account for depreciation of the assets over the correct time period
- provide the external auditors with asset information to draw conclusions on the annual accounts and the College's financial system
- to support insurance claims in the event of fire, theft, vandalism or other disasters.

## **9.2 Security of assets**

Stores and equipment must be secured by means of physical and other security devices.

All the items in the register should be permanently and visibly marked as the College's property and there will be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register will be investigated promptly and, where significant, reported to the Resources Committee. Inventories of College property will be kept up to date and reviewed regularly. Where items are used by the College but do not belong to it this will be noted.

## **9.3 Disposals**

Items which are to be disposed of by sale or destruction must be authorised for disposal as shown in Appendix 1. Valuations should be prepared to get an agreed estimated sale price and kept for future reference. The College must seek the approval of the EFSA in writing if it proposes to dispose of an asset for which a capital grant was received over the limit defined in Appendix 1.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the College obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the College would need to ensure licences for software programmes have been legally transferred to a new owner. However, items approved for sale must be offered to all personnel on a fair and consistent basis with the College Manager / Principal making the final decision.

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

## **9.4 Loan of Assets**

Items of College property must not be removed from College premises without the authority of the appropriate Team Leader/Line Manager. A record of the loan must be recorded in a loan book and booked back in College when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the College's auditors.

## **10 Depreciation Policy**

Clyst Vale Academy Trust will depreciate fixed assets as straight line depreciation.

Depreciation rules were approved by the Governing Body in advance of preparing the annual accounts in the first year of operation. Any revisions thereafter will be approved by the Governing Body.

## **11 School Companies Policy**

Clyst Vale Academy Trust will not form any companies, subsidiaries or joint ventures without the approval of the Governing Body.

## **12 Reserves & Investments Policy**

See separate policy

## **13 Keys Inventory**

The Key inventory is the responsibility of the College Manager or any person delegated by them to maintain and will be kept up to date at all times. It is the responsibility of staff to report all lost and stolen keys to enable new security ensures to be put in place and for the key inventory to be updated.

## **14 Minibuses**

Staff must ensure that prior to use all minibuses and owned vehicles are checked in line with College procedures, failure to do so will be deemed a disciplinary issue.

## **15 Computer Systems**

Systems should be in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

## **16 Self-Assessment of Governance and Management**

The Governing body and the College Manager will ensure that a self-assessment is undertaken annually in order to provide the EFSA with assurance on the adequacy of the College's arrangements for financial management and governance.

The self-assessment will provide assurance to the College's accounting officer that conditions of funding are being met, and that appropriate systems of control are in place.

## **17 Gifts Hospitalities and other benefits**

Please see separate policy

## **18 Whistle Blowing**

Please see separate policy



## Appendix 1 Scheme of Delegation and Authorisation

Function	Full Governing Body	Finance & Premises / VFM committee	Principal	College Manager	Finance Officer	Budget Holders	SLT	Finance Team
Authorise appointment of additional staff (contracts)	R	√	A	A				
Authorise payroll forms		£100,000	√	√				
Authorise Journals. – Journals over £10k must be advised to F&P at next available meeting. (all payroll journals must be authorised by College Manager/Principal)		R over £10k	√	√	£5,000			£1,000
Authorise spending on approved items agreed in current year's budget. **	√	£100,000	£30,000	£30,000	£2,500	£2,500		
Authorise spending on items not in budget <b>** (This includes renewal/extension of leases and other longer term commitments)</b>	√R	√R £100,000	√ £50,000	√ £50,000				
Accept tenders in post			A	√	A			
Open tenders – College Manager plus Budget Holder (min 2 people)			A	√	A	√		
Evaluate tenders – Committee members plus 2 others assisting		√	A	A		A		
Accept Formal Quotes **		√	√	√				
Receive goods / Verify Invoices			√	√	√	√		√
Petty cash authorise payments - all petty cash reimbursement via payroll system on a month in arrears basis (Receipts must be attached)								
Sign cheques / BACs – ** Must be 2 signatories on cheques, BACS created by Finance Officer and authorised by College Manager / Principal plus one other (2 signatories) Batch Items up to £100k only allowed			£20,000 Chq BACs £100,000	£20,000 Chq BACS £100,000	Create only BACS £100,000		£20,000 chq  BACS £100,000	
Debit Card holders + debit card holders as per attached list who can place orders on behalf of budget holders					£2,000			£2,000 (AS)
Income - cash/cheques – Banked within 2 weeks subject to limits below. Total of £3,000 and over must be banked immediately, £1,000 within 24 hours of reaching limit, £500-£1,000 within a week				√	√			√
Approve write offs Note:- Items over £20k provided by grant must be referred to EFSA	R	√	£100	£100				
Security of Property & Assets			√	√	√	√	√	
Security of Cash / cheques			√	√	√	√		√
Data protection registration			O	√				

Compliance with data protection rules (Budget Holders supervise their staff)			√	√	√	√ S	√	√
<b>Function</b>	Full Governing Body	Finance & Premises / VFM committee	Principal	College Manager	Finance Officer	Budget Holders	SLT	Finance Team
Maintain back-up of data (delegated to ICT Manager to carry out)			O	√S				
Maintain security of data (delegated to ICT Manager to carry out)			O	√S				
Maintenance of Inventories			O	√ S	√	√		√
Checking and Certification of Inventories			√	√	√	√		

\*\*Subject to compliance with Value for Money requirements defined by Governors as shown below:-

## VFM requirements

### Requisitions and orders

No additional quotes required -	Up to £1,000
Minimum of 2 competitive quotations. Evidence of best value for money must be provided and forwarded to the Finance dept. (i.e.) Comparison of prices from catalogues, verbal telephone quotes etc. Written / Fax confirmation if possible	Over £1,000 - £2,500
Minimum of 3 written competitive quotations. (Emails can be accepted) Evidence of best value for money must be provided and forwarded to the Finance dept.	Over £2,500 - £10,000 (£5,000 min for works)
Minimum of 3 formal quotations in writing. (Not emails) Evidence of best value for money must be provided and forwarded to the Finance dept.	Over £10,000- £50,000
Minimum of 4 sealed bid tenders in writing by a specified date and time based on written specification. These are reviewed and approved by the VFM committee. (If 4 not possible then Committee can approve a lower number)	Over £50,000 to EU threshold
As above	Over EU threshold

### Contracts and Equipment leases

Minimum of 3 <b>written</b> competitive quotations. (Emails can be accepted) Evidence of best value for money must be provided and forwarded to the Finance dept.	Under £10,000
Minimum of 3 formal quotations in writing. (Not emails) Evidence of best value for money must be provided and forwarded to the Finance dept.	Over £10,000- £50,000
Minimum of 4 sealed bid tenders in writing by a specified date and time based on written specification. These are reviewed and approved by the VFM committee. (If 4 not possible then Committee can approve a lower number)	Over £50,000 to EU threshold
As above but 5 sealed bids	Over EU threshold

**EU threshold – Supplies and services limit is £181,302. Works limit is £4,551,413. These limits are effective until end of 2019**

#### Key

Functions
O = Oversee
S = Supervises
R = Reported to
√ = does



A =Assists as required