



THOMSON HOUSE SCHOOL

Thomson House School

Finance Policy and Procedures

Agreed by: Finance Committee

Date: February 2023

Review Cycle: Annual

Next Review Date: February 2024

All the Thomson House School policies should be read in conjunction with the Equality Policy

If you require a copy of this document in large print,
Braille or audio format, please contact the Head of Finance
& Operations



THOMSON HOUSE SCHOOL

FINANCE POLICY & PROCEDURES

Contents

.....	1
1. Purpose	4
2. Organisation.....	4
2.1 Managing THS Finances.....	5
2.2 Finance Committee	5
2.3 The Headteacher	5
2.4 Head of Finance & Operations.....	6
2.5 The Responsible Officer/Internal Audit.....	6
2.6 Other Staff.....	7
2.7 Register of Interests.....	7
3. Financial Planning.....	7
3.1 Three Year Budget Plan	7
3.2 Balancing the Budget	8
3.3 Finalising the Budget	8
3.4 Budget Management, Monitoring and Review.....	8
4. 4 Accounting system	9
4.1 Administration	9
4.2 Access Rights	9

4.3 Back-up Procedures	9
4.4 Transaction Processing.....	9
5. Payroll	9
5.1 Staff Appointments.....	9
5.2 Payroll Administration	10
5.3 Payments and Monitoring of the Payroll.....	10
6. Purchasing and Payments.....	10
6.1 Orders for Goods and services	11
6.2 VFM Procedures & Authorisation Limits.....	11
6.3 Forms of Tenders	11
6.4 Payments.....	13
6.5 Payments to Individuals	14
7. Income.....	14
7.1 Trips/Activities	14
7.2 Lettings.....	14
7.3 Debtors.....	14
7.4 Custody	15
8. Cash Management	15
8.1 Bank Accounts	15
8.2 Deposits.....	15
8.3 Payments and withdrawals	15
8.4 Bank Reconciliations.....	15
8.5 Petty Cash Accounts	16
8.6 Student Visits	16
8.7 Cash Flow Forecasts.....	16
8.8 Investments	16
9. Fixed assets.....	16
9.1 Asset register	16
9.2 Security of assets.....	17
9.3 Disposals	17
9.4 Loan of Assets	17
10. Depreciation Policy	17
Appendix 1 –	19
Policy on delegation of financial decisions to the Headteacher	19

Purpose

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

THS must comply with the principles of financial control outlined in the academies guidance published by the Department for Education (DfE), namely the Academies Financial Handbook. This policy expands on that and provides detailed information on THS's accounting procedures. It should be read by all staff involved with financial systems and accountability.

This policy applies to the financial administration across the whole school. The policy also covers other finance related policies such as depreciation, school companies, reserves and investments.

1. Organisation

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

The governing body has overall responsibility for administration of THS's finances. The main responsibilities of the governing body are prescribed in the Funding Agreement between THS 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 EFA 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
- In conjunction with the Members, the appointment of auditors

2.2 Finance Committee

The main responsibilities of the Finance 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, Charity SORP and the DfE guidance issued to academies
- Authorising the award of contracts/tenders over £50,000.
- Recommendation of changes to staffing
- Appointment of Responsible Officer/Internal Auditors and reviewing the reports of the Responsible Officer/Internal Auditors on the effectiveness of the financial procedures and controls. These reports must be reported to the governing body
- To approve the Buildings Development Plan and monitor income and expenditure against budget

2.3 The Headteacher

The Headteacher has overall executive responsibility for THS. The Headteacher retains responsibilities for:

- Approving new staff appointments within the authorised establishment.
- Authorising orders and contracts within the approval limits shown in Appendix 1 Scheme of Delegation
- Authorising payments within the approval limits shown in Appendix 1 Scheme of Delegation
- Monitoring regular budget reports with the Head of Finance & Operations and acting on any overspends or risks

The funding agreement identified the Headteacher 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 THS

The Accounting Officer has the duty to act 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 THS's external auditors.

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

2.4 Head of Finance & Operations

The Head of Finance & Operations works in close collaboration with the Headteacher through whom he or she is responsible to the Governing Body. The Head of Finance & Operations also has direct access to the Finance Committee. The main responsibilities of the HFO are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of THS'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 THS
- the preparation of monthly management accounts
- authorising orders and the award of contracts within the approval limits shown in Appendix 1 Scheme of Delegation
- authorising payments within the approval limits shown in Appendix 1 Scheme of Delegation
- ensuring forms and returns are sent to the EFA in line with their reporting deadlines - submitting grant applications and reports to all relevant bodies

2.5 The Responsible Officer/Internal Audit

The Responsible Officer (RO)/Internal Audit is appointed by the Finance Committee and provides Governors with an independent oversight of the Academy Trust's financial affairs. The main duties of the RO/Internal Audit 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

A programme of checks will be agreed with the governing body 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.
- A report of the findings from each visit will be provided to the Finance Committee.

2.6 Other Staff

Other members of staff, primarily the Office Manager 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 School property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of THS'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 THS may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with THS. 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.

All transactions with related parties must be made on a no-profit basis for the related party.

3. Financial Planning

THS will prepare both medium term and short-term financial plans. These plans are prepared as part of School review process. THS 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.

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

The budgetary process is described in more detail below.

3.1 Three Year Budget Plan

The Head of Finance & Operations is responsible for working with the Headteacher and others to prepare a three year budget plan for consideration by the Finance Committee. The Finance Committee and Full Governing Body must approve the budget prior to being submitted to the DfE

The Head of Finance & Operations is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. The budget will reflect the best estimate of the resources available to THS for the forthcoming year and will detail how those resources are to be utilised. There will be a clear link between THS School Development 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 DfE 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 school cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of THS School Development 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, subject to restrictions on carry forward.

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 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

Prior to each Finance committee meeting, a budget monitoring report will be prepared and an analysis of variances provided.

The Headteacher 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 THS 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 Headteacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed. Any potential overspend against the budget must in the first instance be discussed with the Head of Finance & Operations.

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 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. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised by the appropriate person detailed in Appendix 1 Scheme of Delegation.

4. Accounting system

All the financial transactions of THS must be recorded on the Access accounting system. The system is operated by the HFO and Finance Officer and includes the following key elements:

- Income
- Purchasing
- Payroll
- Assets
- Bank Accounts

Detailed information on the operation of the system can be found in the user manuals.

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 Head of Finance & Operations is responsible for setting access levels for all members of staff using the system. Access rights within Access are defined for each user with a unique ID and password.

4.3 Back-up Procedures

The finance system is a web-based system and therefore backs up are part of the service contract.

4.4 Transaction Processing

- All journal transfers will require authorisation by the Head of Finance & Operations
- Bank Transactions will be input by the Head of Finance & Operations and the Head Teacher.
- The Head of Finance & Operations will obtain and review system reports to ensure only regular transactions are posted to the accounting system.
- The Head of Finance & Operations will ensure that reconciliations are performed each month for 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 Headteacher.
- The Headteacher will review and sign all reconciliations as evidence of review.

5. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration
- payments.
- pensions

5.1 Staff Appointments

The governing body will have approved via the annual budget process the staffing requirements for THS.

Changes that are likely to cause a budget variance of over £10,000 can only be made to this with the express approval in the first instance of the Finance Committee who must ensure that adequate budgetary provision exists for any changes. The Headteacher has the authority to appoint staff within the authorised budget. The HFO will maintain personnel files for all members of staff, which include contracts of employment.

5.2 Payroll Administration

Payroll is outsourced to Strictly Education.

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

Variations to the monthly payroll must be approved in writing by both the HFO and Head Teacher.

Only the Headteacher and Head of Finance & Operations have access to staff files unless otherwise authorised by the Head Teacher but individuals can request to see their own files in line with data protection policies.

The Head of Finance & Operations is responsible for keeping the staff personnel database up-to-date via ScholarPack MIS system.

5.3 Payments and Monitoring of the Payroll

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

All salary payments are made by BACS. The Head of Finance & Operations is responsible for the monthly reconciliation of current month's and previous month's gross salary and investigate any variances.

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 amounts payable are summarised on the gross to net pay report and the payroll agency, Strictly Education are authorised to make monthly BACS payments from THS bank account to the employees and pension agencies (LGPS) and to HM Revenue & Customs on 19th of following month. The Head of Finance & Operations will check for the calculation of gross and net pay each month to ensure that the budget is being charged correctly.

After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. Each year the Head of Finance & Operations and Head Teacher will check each member of staff's gross pay against the payroll system to the contract of employment.

6. Purchasing and Payments

THS 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 THS

- Accountability, THS is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by THS are dealt with on a fair and equitable basis.

The school 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 THS financial accounting system. Where the value of an order is over £1,500, the VFM procedures detailed below must be followed and the documentation attached. Orders will be raised only 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 Head of Finance & Operations. In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.

6.2 VFM Procedures & Authorisation Limits

Please see Appendix 1 Table of Delegation and Appendix 2 Table of Authorisation Limits to ensure the correct approval has been obtained.
All orders are subject to the rules concerning quotes and tenders below.

Orders of £1,500 and below

Consideration to be given to alternative suppliers and evidence attached to requisition

Orders over £1,500 but less than £5,000

At least two written/verbal quotations should be obtained for all orders to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to requisition for audit purposes. Email confirmation of quotes must be received before a purchase decision is made.

Orders over £5,000 but less than £10,000

At least two written quotations should be obtained for all orders to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the order requisition for audit purposes.

Orders over £10,000 – £50,000

A minimum of three formal quotations to be obtained in writing by a specified date and time, based on a written specification. Evidence to be attached to the requisition.

Orders over £50,000 – Threshold

Goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures as detailed below.

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 Head of Finance & Operations how best to advertise for suppliers e.g. general press, trade journals, or to identify all potential suppliers and contact

directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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 THS'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 THS. 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. Tenders may also be accepted by electronic mail.

Tender Evaluation Procedures

The evaluation process should involve the Finance Committee and at least two representatives from THS, usually the budget holder and the HFO. 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 Committee highlighting the relevant issues and advising the decision. Where required by the conditions attached to a specific grant from the DfE, 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 THS. 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 Head of Finance & Operations for appropriate action to be taken.

No photocopied or faxed invoices will be paid, but invoices sent electronically by email are acceptable. At least two different people must be involved in the process of agreeing invoices and authorising payment.

Wherever possible payments will be made by BACS, but cheques will be issued if this is not an option. The Head of Finance & Operations will ensure that cheques are sent out with the required numbers of signature and that all controlled stationery is stored in a locked cupboard. 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>

6.6 Documenting approval of quotes/ bids

Finance Committee and Full Governing Board minutes should evidence all approvals of quotes, bids etc in line with the authorisation limits. Given that approval may be required more quickly than when these meetings are scheduled and for the sake of a written paper trail, the HFO will complete and submit via email a Finance Approval form for all expenditure approved by the Head, Finance Committee and/ or Full Governing Board. This form is available in Appendix 3.

7. Income

The main sources of income for THS are the grants from the ESFA. The receipt of these sums is monitored directly by the Head of Finance & Operations who is responsible for ensuring that all grants due to THS are collected.

THS also obtains income from:

- students, mainly for trips and school meals
- the public, mainly for lettings
- donations
- non-government grants from charities

7.1 Trips/Activities

A leader must be appointed 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.

7.2 Lettings

The policy for lettings and charging of premises is contained in a separate document. The Policy and charges will be reviewed every year and approved by the Finance Committee. The charges for each new tenant will be agreed by the Headteacher.

The Head of Finance & Operations is responsible for maintaining records of bookings for facilities and entering the amount due from each organisation on the sales ledger on THS accounting system. Wherever possible payments will be collected in advance.

7.3 Debtors

Debts under £350 may be written off by the Headteacher.

Debts over £350 may be written off only with the approval of the Finance Committee

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

The Finance Officer/ HFO will be responsible for chasing outstanding debts. The following debt recovery policy will be applied unless the debt is with a parent in which case these actions will be a discretionary matter for the Head Teacher:

- 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 the Finance 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 Committee meeting.

7.4 Custody

Official, pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists. Banking will take place every two weeks or more frequently if the sums collected exceed the insurance limit.

The amount of cash received by the school is small as the school encourages all parents to pay via ParentPay. When small sums are received they are entered into petty cash rather than banked. These are included in the bank reconciliation process.

The Head of Finance & Operations is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

8. Cash Management

8.1 Bank Accounts

The opening of all accounts must be authorised by the Governing Body who must set out the arrangements covering the operation of accounts in the Scheme of Delegation (Appendix 1) This should include any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

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 School bank accounts must bear the signatures in line with the scheme of delegation.

The school debit card has a limit that it cannot be used for transactions of more than £1000.

8.4 Bank Reconciliations

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

- reconciliations are prepared by the Head of Finance & Operations
- all bank accounts are reconciled to THS's computerised ledger
- reconciliations are subject to an independent monthly review carried out by the Headteacher as part of the monthly management accounts review.
- adjustments arising are dealt with promptly.

8.5 Petty Cash Accounts

Petty cash is not held in the school and all expenses are paid via bacs on production of a signed receipt. Staff are discouraged from any direct ordering and for all orders to go through the orders email for approval by the budget holder/ HFO.

8.6 Student Visits

When it is necessary for staff to have access to money during a School visit every effort will be made to minimise the amount of cash being carried by using travellers cheques or other appropriate means. Authorisation for cash to be taken may be given by the Headteacher or the Head of Finance & Operations. The amount authorised will be consistent with the budget previously approved for the visit.

8.7 Cash Flow Forecasts

The Head of Finance & Operations is responsible for preparing cash flow forecasts to ensure that the School 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 and if a shortfall is forecast the Head of Finance & Operations must be informed to ensure remedial action is taken.

8.8 Investments

Investments must be made only in accordance with procedures approved by the governing body. THS has approval to invest any surplus funds on Lloyds TSB money market dependant on market rates.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

9. Fixed assets

9.1 Asset register

All items purchased with a value over £2000 (THS's capitalisation limit) must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the School's financial system and
- 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 THS'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 Finance Committee. Inventories of school property will be kept up to date and reviewed regularly. Where items are used by THS 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 by the Headteacher and, where significant, should be sold following competitive tender. The school must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

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

9.4 Loan of Assets

Items of School property must not be removed from school premises without the authority of the appropriate Senior Leader. A record of the loan must be recorded in a loan book and booked back in School 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 School's auditors.

10. Depreciation Policy

The Academy Trust will depreciate fixed assets in line with recognised accounting standards, academy best practice and DfE guidelines. Depreciation rules will be 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. Depreciation is provided for at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings and equipment - 20% on cost – straight line
ICT Equipment – 33% on cost – straight line
Motor vehicles - 25% on cost – reducing balance
Freehold/Leasehold Buildings – 50 years straight line
Land – not depreciated

11. School Companies Policy

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

12. Reserves & Investments Policy

Please see separate Reserves and Investments Policy

13. VAT Refund Scheme for Academies

THS is not registered for VAT at present, but will keep this on review. Under the new legislation VAT Claims can be made according to the simplified arrangement as detailed in the VAT Information Sheet 09/11 issued June 2011. Claims are made on line quarterly to HMRC.

14. Keys Inventory

The Key inventory is the responsibility of the Head of Finance & Operations 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.

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 Head of Finance & Operations will ensure that a self-assessment is undertaken annually in order to provide the ESFA with assurance on the adequacy of THS's arrangements for financial management and governance.

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

Appendix 1 –

Policy on delegation of financial decisions to the Headteacher

The school's budget and expenditure are the responsibility of the Governing Body, but day-to-day management of Finance is delegated to the Headteacher under the following conditions.

Responsibilities remaining with the Governing Body

1. The school's compliance with the Data Protection Act (2018) requirements
2. The approval of the annual budget.
3. The approval of Year End Accounts and any financial returns required by the ESFA

Delegation of responsibilities to the Finance Committee

1. The Finance Committee will examine the monitoring reports at least every term and note:
 - the spending of budgeted amounts to ensure that the income is being used as planned;
 - the proper application of the delegation policy;
 - variations in the budget, whether in income or expenditure.

The Finance Committee will seek explanations from the Headteacher in order to understand the state of the school's finances on the basis of these monitoring reports, and file a report on the basis of the termly monitoring which is available to the Governing Body. The report will comprise of the Finance Committee Minutes and any relevant supporting documentation which aids understanding of the financial position.

Delegation of responsibilities to the Headteacher

1. The preparation of the annual budget for consideration by the Finance Committee.
2. The monitoring and control of expenditure against the approved budget during the financial year, including the preparation of regular reports for the Finance Committee.
3. The authority to spend up to £10,000 for budgeted expenditure for a single project. For items between £10,001 and £20,000, approval from the Finance Committee is required. If over £20,000, approval from the Full Governing Body is required.
4. The authority to spend up to £2,000 for non-budgeted expenditure for a single project. For items between £2,001 and £10,000, approval from the Finance Committee is required. If over £10,001, approval from the Full Governing Body is required.

5. The authority to vire Budget allocations up to £5,000 in a Financial Year. Any virements over this amount will require the approval of the Finance Committee. Any virements over £10,000 will require authorisation from the Full Governing Body.
6. The authority to write off bad debts up to £350. Debts above that and up to £1000 should be countersigned by a member of the Finance Committee. Any debts over £1001 will be submitted to the FGB
7. The authority to sign cheques, along with one other approved signatory.

Delegation of responsibilities to the Head of Finance & Operations

1. The maintenance of complete financial accounts and full supporting financial records.
2. The control and reconciliation of the school's bank accounts.
3. The collection, control and monitoring of all income and its movement.
4. The preparation of the Year End Accounts and all other returns required for consideration by the Headteacher.
5. The processing of invoices for payment.
6. The maintenance of an up-to-date inventory, checked to actual assets annually. This is to be signed and dated.
7. To ensure the physical security of all equipment, systems, data etc, relating to the school's Finances.
8. To ensure all financial practices and procedures are carried out in accordance with local and national requirements.
9. The authority to sign orders up to the value of £1,500 in accord with budgeted spending plans
10. To manage the school's procurement card according to procedure set out in the finance policy
11. To use the school debit card for single transactions up to a value of £200 without raising a PO or being in possession of an appropriate invoice. In addition, the card should not be used for more than £1000 of expenditure in any one month.

Appendix Two: Table of Authorisation

Amount	Approval
£50,000 + in one financial year	Public tender in consultation with Full GB and Finance Committee
£20,001 - 49,999	Full Governing Board
£10,001 – 20,000	Finance Committee
£1,500 – £10,000	Headteacher
Up to £1,500	Head of Finance & Operations

Appendix Three - Financial Approvals Form

Date:	
Budget area:	
Budgeted:	Yes / No
Current spend to budget in this code? %	
Item / quote/ bid details inc. supplier:	
Cost and payment terms:	
Justification:	
Process e.g. 3 quotes?	
VFM checks:	
If out of budget, what are the implications/ funding opportunities e.g. FoTH	
Approved:	
Date:	

Guidance on approval levels:

Amount	Approval
£50,000 + in one financial year	Public tender in consultation with Full GB and Finance Committee
£20,001 - 49,999	Full Governing Board
£10,001 - 20,000	Finance Committee
£100 - £10,000	Headteacher
Up to £100	Head of Finance & Operations