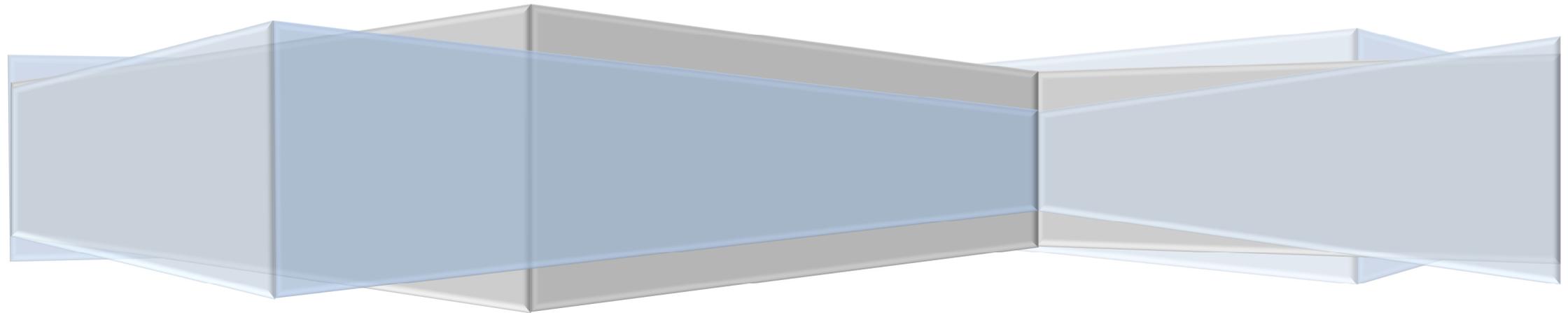


SIR ROBERT GEFFERY'S SCHOOL

Financial Procedures Manual and Scheme of Delegation

Reviewed: March 2016



Financial Procedures Manual (FPM)

Sir Robert Geffery's School

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1. Roles, responsibilities and financial oversight

Framework

- 1.1. Under the Funding Agreement (FA) with the DfE the Academy Trust (AT) must comply with the principles of financial control set out in the Academies' Financial Handbook ('Handbook' or AFH), issued by the Education Funding Agency (EFA).
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Roles and responsibilities

The Governing Body

- 1.2. As a Charitable Company, the AT is governed by its appointed Trustees (who are also Directors of the company). Trustees are also referred to as Governors or the Governing Body.
- 1.3. The Governing Body's responsibilities include:
- Ultimate responsibility for the proper stewardship of funds, ensuring value for money and compliance with the FA, the Articles of Association and the AFH
 - Approval of the annual budget
 - Approval of the annual report and accounts.

The Finance Committee

- 1.4. The Finance Committee must meet at least once a term. The responsibilities of the Finance Committee must be set out in written terms of reference, authorised by the Governing Body. The main responsibilities include:
- Initial review and approval of the annual budget
 - Monitoring of actual income and expenditure against budget
 - Ensuring annual accounts are produced and their initial approval prior to presentation to the Governing Body (see Section 5)
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- Review the reports of the Responsible Officer (RO) on the effectiveness of the financial procedures. These reports must also be reported to the Governing Body.
- Authorising the award of contracts over an annual value of £5,000
- Authorising changes to the AT personnel establishment in excess of the budget headcount.

The Headteacher (Accounting Officer)

1.5. The Headteacher is the Accounting Officer (AO), who takes overall responsibility for financial control, and delegates responsibilities to the Principal Finance Officer (PFO), provided by Cornwall Council through a service level agreement, and to the School Finance Officer.

1.6. As AO, the Headteacher is responsible for:

- Approving new staff appointments within the school, in conjunction with the Personnel Committee.
- Authorising contracts between £1,000 - £4,999
- The management of the AT's financial position at a strategic level, reflecting the longer term financial needs of the AT as determined by the Governing Body.
- Signing cheques in conjunction with other authorised signatories.

The Principal Finance Officer

1.7. The PFO is provided by the Local Authority Finance Team, through a Service Level Agreement. The main responsibilities are:

- The preparation of monthly management accounts, including the monitoring of actual income and expenditure against budget
- The maintenance of effective systems of financial control
- The preparation of annual accounts, if necessary with the assistance of the AT's external auditor (see Section 5).

In conjunction with the PFO, **The School Finance Officer** in school is responsible for:

- The day to day management of finance matters including the establishment and operation of a suitable accounting system
- Ensuring forms and returns are sent to the DfE in line with the DfE timetable.

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Other staff

1.8. Other members of staff will have some specific financial responsibilities and these are detailed in the following sections of the manual. All staff are responsible for the security of AT property, for avoiding loss or damage, for ensuring economy and efficiency and for conformity with AT's financial procedures.

Financial oversight

1.9. The following requirements of the AFH must be in place:

- Bank accounts, financial systems and financial records must be operated by more than one person (Section 3)
 - Measures must be in place to safeguard assets, to prevent loss or misuse (Section 3)
 - Full and accurate accounting records must be maintained (Section 3)
 - Annual accounts must be prepared (Section 5)
 - There must be a written scheme of delegation of financial powers so that it is clear who is responsible for what (Section 6)
 - The Governing Body must be satisfied that the AT's finance staff are suitably qualified and/or experienced.
-

2. Financial planning and monitoring

2.1. The AT prepares financial plans as follows:

- 3 year rolling strategic plan – financial plans prepared as part of the AT's strategic planning process - high level projections linking anticipated income levels to resource planning.
 - Annual budget, detailed budget identifying revenues by source and expenditure by cost type and budget holder.
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Strategic plan projections

2.2. The strategic plan projections, once established, should be updated annually when the budget for the coming year is prepared, with Year 1 being the annual budget for the next year. The strategic plan projections will run alongside the AT's narrative plan, must reflect the allocation of resources to achieve the AT's longer term plans and should include:

- Income and expenditure projections
 - Pupil led income based on anticipated future pupil numbers
 - Other income based on documented assumptions
 - Proposed use of accumulated surpluses (GAG plus unrestricted funds)
 - Documented assumptions supporting expenditure
 - Capital expenditure projections, based on planned capital schemes and anticipated funding sources, including accumulated surpluses and unspent capital funds
 - Balance sheet projections, showing the build-up and use of accumulated surpluses, and the retention of reserves for contingencies, as appropriate.
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Budget

- 2.3. The PFO (LA Finance Team) is responsible for preparing the annual budget, which must be approved by the Headteacher, Finance Committee and Governing Body, and submitted to the EFA by 30 June.
- 2.4. Any significant changes to the budget post submission to the EFA must be approved by the Governing Body and notified to EFA.
- 2.5. The finalised budget must be communicated to all members of staff with budgetary control responsibilities.
- 2.6. The budget must be balanced, taking into account the AT's reserves policy; the use of accumulated surpluses to subsidise current year operations; or the planned retention of current year surpluses.
- 2.7. The budgeting process will include:
 - Forecasts of likely pupil numbers and the latest estimate of GAG receivable
 - Latest estimates of other EFA/LA funding, based on expected levels (e.g. Pupil Premium, SEN)
 - Estimates for other income, based on prior years and known variations
 - Use of accumulated surpluses (GAG plus unrestricted funds)
 - Review of past expenditure performance against budgets; identification of efficiency savings and consideration of known changes (pay increases, inflation)
 - The pay budget to be supported by a list of known and planned staff, fully costed.
 - A statement of the principal assumptions, highlighting areas of vulnerability and outlining possible remedial actions should a shortfall arise if these assumptions do not hold.

Budget monitoring

- 2.8. Monthly reports must be prepared by the PFO (LA Finance Team), detailing actual income and expenditure against budget, for review by the Headteacher (monthly) and the Finance Committee (each meeting).
 - 2.9. Summary financial reports should be presented at least termly to the full Governing Body.
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- 2.10. Budget holders must not initiate transactions on an overspent budget or which would result in a budget overspend, without prior approval of the PFO and, if the PFO is responsible for the budget heading, the Principal.
- 2.11. If a potential or actual overspend against budget (or underachievement of income) is identified (either by the budget holder or PFO), the reason for the overspend must be established and reported to the Principal and the Finance Committee, together with a recommendation for action.
- 2.12. If the recommendation for action is the virement of funds from one budget to another, such virements must be authorised in accordance with the Scheme of Delegation.

Cash management

- 2.13. The PFO must prepare monthly cash flow forecasts to help ensure that the bank account is not overdrawn and the AT abides by its contractual obligations (pays on time). The forecast should be updated monthly to reflect the actual revised opening cash balance. It should comprise a month by month rolling forecast of income and expenditure and should reflect:
 - Known opening balance
 - Known receipts from EFA, LA and other grants
 - Estimates of pay cost including NIC and pension contributions
 - Estimates of routine non pay expenditure
 - Known/expected non routine expenditure
 - Receipts and payments re capital schemes
 - VAT
 - Forecast closing balances for the following twelve month ends
- 2.14. In the event that these forecasts identify any potential cash shortfalls, the PFO must notify the Headteacher and report to the Finance Committee.

Capital schemes

- 2.15. Capital schemes expose the AT to substantial risks. In many cases, the expertise required to oversee such schemes will not be available from within the AT's staff. Whenever a scheme is initiated, the Finance Committee must decide whether to engage external specialists (perhaps from the LA) to manage the project on behalf of the AT.
- 2.16. If external project managers are not appointed, the PFO, in consultation with the Headteacher, must establish project management procedures, in writing, for approval by the Finance Committee. These procedures must cover the following:

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- Plans and planning consents
 - VAT recovery
 - Contractor selection and contract structure
 - Project timetable with milestones
 - Monitoring construction progress/quality assessment
 - Payment profile and cash flow management (inc VAT)
 - Final sign off.
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3. Risk management and Internal control

Risk management

- 3.1. The Handbook requires that the school has risk management arrangements in place.
- 3.2. A contingency and business continuity plan is required, which is the responsibility of the PFO and which must be approved, following review by the Finance Committee, by the Governing Body.
- 3.3. Adequate insurance cover must be in place. This is the responsibility of the PFO, in consultation with the AO and approved by the Finance Committee.

Risk register

- 3.4. The Governing Body must agree the main financial risks that the AT faces and assess the likelihood of occurrence and materiality of each risk. A risk register is a vehicle for achieving this and should be maintained. The register will include as a minimum the following key financial risks and descriptions of the controls in place to mitigate:
 - Overspend budget, caused by weak expenditure management
 - Overspend budget, caused by poor budgeting
 - Receive less income than budgeted, caused by poor budgeting
 - Overspend on capital schemes
 - Short term cash shortages
 - Long term cash shortages – insufficient reserves
 - Improper or irregular use of funds
 - Errors in accounts caused by inadequately skilled/experienced finance staff
 - Loss caused by lack of security over assets, including cash
 - Fraudulent payments to suppliers
 - Fraudulent payments to staff

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- Insufficient insurance cover
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Internal control

Segregation of duties

3.5. It is the responsibility of the PFO to ensure adequate segregation of duties. Annually the PFO must present a brief report to the Finance Committee demonstrating how segregation of duties is assured. This should show, for each valuable asset category (computers, other fixed assets, stock, cash), how the custody of these assets is segregated from the accounting for them.

Ensuring delegated financial authorities are respected

3.6. The Scheme of Delegation is included at Appendix A

Fraud and theft

3.7. The establishment of effective segregation of duties combined with the detailed controls set out in this section are designed to minimise the risk of fraud and theft. In the event that fraud or theft of any level is identified, the Principal must report this to the Governing Body and, if the amount involved exceeds the sum notified by the EFA annually in the AFH, the EFA must be notified.

Nominal ledger/accounting system

System security

3.8. Entry to the accounting system is password protected and the PFO is responsible for implementing an appropriate level of system security. Only appropriate staff should be granted access, determined and authorised by the PFO. Passwords should be changed at least every 120 days. When master systems passwords are changed the new password should be placed in a sealed envelope and passed to the PFO for storage in the safe.

3.9. The Finance Officer is responsible for ensuring that a daily back up of the system is taken. The backup system for Sir Robert Geffery's accounting system is operated remotely by the local authority through a service level agreement, therefore the backup of the system is stored in an off-site secure location.

3.10. A list of staff with access to the system, detailing the level of access granted must be presented to the Finance Committee annually for approval.

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Journal entries

3.11. All journal entries must be documented and the journal audit trail together with the supporting documentation should be reviewed and authorised regularly by the PFO evidenced by a signature on the audit trail. To the extent that a journal entry involves the allocation of costs against restricted funds, the PFO must be satisfied that the funds have been spent in accordance with the fund restrictions.

Transaction reports

3.12. The PFO will obtain and review system reports on a monthly basis to ensure that only regular transactions are posted to the accounting system. Any irregular transactions should be documented and authorised. The reports obtained and reviewed will include:

- The monthly audit trail report. To the extent that a transaction involves the allocation of costs against restricted funds, the PFO must be satisfied that the funds have been spent in accordance with the fund restrictions.
- Additions/removals to master-files for payroll, purchase ledger and sales ledger.

Reconciliations

3.13. The PFO and Finance Officer (FO) are responsible for ensuring the following reconciliations are performed each month, and ensuring that any reconciling items are cleared:

- Sales ledger control account
- Purchase ledger control account
- Wages control account
- Suspense account
- Bank balance/s per the nominal ledger to the bank statement

3.14. Any unusual or long outstanding reconciling items must be brought to the attention of the PFO and the PFO shall review all reconciliations and sign as evidence. All reconciliations should be retained.

Funds

3.15. The ledger should be maintained so as to enable all revenues and costs to be allocated to the appropriate category of funds. These categories will include GAG (for the majority of costs, managed through the main budgetary control system), Pupil Premium, SEN, Specific Capital Projects, Devolved Capital, Trips, Clubs, Unrestricted.

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- 3.16. The PFO must ensure that there is a system in place to allocate costs against restricted funds and monitor the level of unspent amounts and must report on this process to the Finance Committee.
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Income and debtors

Grant income

- 3.17. The PFO is responsible for ensuring that all grants due to the academy are collected. The PFO should maintain a record of the total income expected and, as part of the review of monthly budget monitoring reports, establish that the correct amount of grant income has been received.

Other income and debtors

- 3.18. Sales invoices raised must be approved by the PFO for amounts less than £2,500 For amounts between £2,500 to £12,500 Headteacher approval is also required. For amounts between £12,500 to £25,000 Finance committee approval is required and for amount above these thresholds, Governing Board approval is required.

Catering

- 3.19. Catering at Sir Robert Geffery's School is operated by an outside contractor.

School trips

- 3.20. A lead teacher must be appointed to take responsibility for each trip. The lead teacher must advise the Finance Officer if money is to be collected for the trip. The lead teacher must prepare a letter for parents/carers of each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Officer who will issue each parent with a payment card for the activity. Payment cards are only issued for residential visits. A class cash collection sheet is maintained by the school office for all other activities.
- 3.21. Parents should make payments via Parentpay or to the School Office. All monies collected must be recorded on the payment card of the student making the payment and/or on a cash collection sheet.
- 3.22. The Finance Officer should maintain an up to date record for each student showing the amount paid via Parentpay and the cash collection sheets and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts.
- 3.23. Trips should be run at cost price. Any surplus greater than £10 per pupil should be redistributed to the parents. If the school decides to subsidise school trips, the amount of subsidy must be approved by the Headteacher in advance of the booking being made.
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Uniforms

3.24. Minimal stock levels of core uniform are kept on site. Uniform may be purchased by cash or cheque. The Friends of Sir Robert Geffery's School are responsible for the purchase and sale of school uniform sales (not the school itself). They should ensure that all sales are supported by a sales receipt.

Lettings

3.25. The Headteacher is responsible for maintaining records of bookings of the facilities and for identifying the sums due from each organisation. Unless approved by the PFO, payments must be made in advance for the use of facilities.

3.26. For approved credit users, details of the organisations using the facilities should be sent to the PFO who will establish a sales ledger account and produce a sales invoice. Details of receipts and outstanding amounts will be forwarded to the Headteacher at the beginning of each month. It is the Headteacher's responsibility to chase outstanding debts and ensure that no use is made of the facilities unless payment has been made.

Other sundry income

3.27. All income from other sources (e.g. educational consultancy, shared services, sponsorship, donations) must be priced in consultation with the PFO and an invoice raised. No value must pass (goods, services) until the price has been agreed and the credit worthiness of the customer assessed. It is the responsibility of the PFO to approve all credit arrangements.

VAT

3.28. Sir Robert Geffery's School is not VAT registered.

3.29. The Finance Officer is responsible for reclaiming VAT paid out by the timely submission of the VAT 126 form.

Collection, custody, and banking

3.30. A reminder is sent for outstanding debts 6 weeks after the original invoice. A second reminder is to be sent after a further three weeks. Debts outstanding over 10 weeks and £200 in value are to be reported to the Finance Committee.

3.31. Official pre-numbered receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the school office safe prior to banking. Banking should take place at least weekly, or when the value of cash and cheques held exceeds £1,000.

3.32. Monies collected must be banked in their entirety in the appropriate bank account. The sums collected, deposited at the bank and recorded on the accounting system should be reconciled after each banking, and these reconciliations should be reviewed and signed by the Headteacher to confirm accuracy.

Unrecoverable debts

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- 3.33. Debts under £250 can be written off on the approval of the Headteacher. Debts exceeding £250 require the approval of the Finance Committee and the Governing Body must be informed of all debts written off. The EFA's approval is also required if debts to be written off are above the value set out in the AFH.
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Purchases, payments and creditors

Routine purchases

- 3.34. Routine purchases up to £250 or 5% of delegated budget (whichever is lower) can be ordered by budget holders. Purchases between £1,000 and £5,000 require authorisation by the Headteacher.

Ordering

- 3.35. An official numbered purchase order must be raised on the computer financial software for all goods and services except utilities, rates etc. The budget holder must check that they have the available funding within their budget. The purchase order should contain details of supplier, items, reference number, unit cost and quantity.
- 3.36. The supplier should be chosen from the list of approved suppliers maintained by the FO. A price must always be obtained before any order is placed. If the order is not from an approved supplier the Headteacher must agree the purchase before the form is completed.
- 3.37. The purchase order should include details of the budget cost code and expense code to be charged. The completed form must be authorised by the Headteacher.
- 3.38. Once the purchase order has been authorised, a copy of the PO is placed on file.

Goods received

- 3.39. On receipt of the goods, the school office must undertake a detailed check of goods against the PO and any accompanying goods received note. Any issues should be addressed by the school office with the supplier and details notified to the Finance Officer to be recorded on the PO.
- 3.40. Receipt of the goods must be confirmed by signing the delivery note. The Finance Officer should check that only goods/services received have been invoiced. This must occur within 7 days of the invoice receipt.

Invoices

- 3.41. All invoices should be sent to the Finance Officer. The invoice is then matched to the completed purchase order, and the quantity and price checked. Any manual invoice or invoice of more than £500 must be checked and evidenced by an Assistant Headteacher.
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- 3.42. Any invoice that does not agree to the original order must be signed by the Finance Officer/Headteacher to confirm acceptance.
- 3.43. After the Finance Officer has confirmed that the invoice is correct and the delivery note has been signed, the invoice may be posted to the purchase ledger. At this point the order and the purchase order must be removed from the orders placed file and attached to the invoice in the invoices awaiting payment file.
- 3.44. To the extent that the purchase involves expenditure against restricted funds, and is therefore to be coded to the relevant restricted fund nominal ledger account, the Finance Officer must be satisfied that the funds have been spent in accordance with the fund restrictions.
- 3.45. At each month end a list of orders > 30 days old that remain unpaid will be reviewed and followed up by the Finance Officer.

Payments

- 3.46. The Finance Officer reviews the invoices awaiting payment file weekly, to determine which invoices may be paid and check that all control procedures have been properly actioned.
- 3.47. The Finance Officer should ensure that invoices are paid to obtain any discounts offered and to derive full benefit from the supplier's credit period.
- 3.48. Cheques or BACS batch will then be generated for the payment of these invoices. This will be checked by the Finance Officer and Assistant Headteacher for accuracy before authorisation and payment take place.
- 3.49. Once paid, an invoice will be stamped 'PAID' and the BACS number will be recorded on the invoice. The invoice will then be moved from the invoices awaiting payment file to the invoices paid file.

Orders between £5,000 and £9,999

- 3.50. At least 3 written quotations should be obtained for orders within this range. Evidence of the tenders received must be retained and attached to the purchase order. All such orders must be authorised by the Finance Committee.

Orders over £10,000

- 3.51. All orders with a value of over £10,000 or for a series of contracts with a total value of £10,000 must be subject to a formal tendering procedure. Tender advertising and award authorisation levels are set out in the Scheme of Delegation (Appendix A). Purchases over £173,934 excluding VAT (threshold from 01/01/2012) may fall under EU procurement rules which require advertising in the official journal of the EU.

Tendering

- 3.52. There are three form of tender procedure: open, restricted and negotiated:

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- Open Tender - This is the preferred method. All potential suppliers are invited to tender. The budget holder together with the PFO must decide how to advertise for suppliers.
 - Restricted Tender - Suppliers are specifically invited to tender. This is appropriate where there is a need to maintain a balance between the contract value and admin costs; only specific suppliers can be expected to satisfy the requirements or where the costs of an open tender are expected to outweigh the benefits.
 - Negotiated Tender - Terms are negotiated with one or more chosen suppliers. This is appropriate where the above methods have resulted in no acceptable responses, only very few suppliers are available, extreme urgency exists or additional deliveries by an existing supplier are justified.
- 3.53. Where an invitation to tender is used this should include the project background, scope, technical requirements, implementation of the project, terms and conditions of the tender and a form of response. The invitation should also include the date and time that the completed tender document should be received by the academy.
- 3.54. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be marked with the time and date of receipt and stored in a secure place prior to tender opening.
- 3.55. Tenders received after the submission deadline should not normally be accepted.
- 3.56. All tenders submitted should be opened at the same time in the presence of two of the following people: the Headteacher, Assistant Headteacher or the Finance Officer (where the contract is less than £25,000), or where the contract value is > £25,000 the Headteacher and Assistant Headteacher with a member of the Finance Committee.
- 3.57. A separate record of the name of each firm tendering and the value should be established and signed by both people present at the opening.
- 3.58. The evaluation process should involve at least two people. They must disclose any interests that may impact on their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process. Those involved must not accept gifts or hospitality from potential suppliers. Full records must be kept of all criteria used for evaluation. For contracts over £25,000 a report must be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance Committee.
- 3.59. DfE approval must be obtained before acceptance where this is required by the conditions attached to a grant.

Payroll

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Staff appointments

- 3.60. The Governing Body approves a personnel establishment annually, as part of the budget. Changes can only be made to this establishment with the express approval of the Finance Committee who must ensure that adequate budgetary provision exists.
- 3.61. The Headteacher has authority to appoint staff within the authorised establishment, in consultation with the Personnel Committee. All personnel changes must be notified to the Finance Committee.
- 3.62. All staff vacancies must be advertised, internally and/or externally.

Payroll administration

- 3.63. Personnel files are maintained by the Finance Officer, which must contain signed contracts of employment for all staff.
- 3.64. Payroll processing is administered by Cornwall Council (the Payroll Provider) under a Service Level Agreement. All staff are paid monthly.
- 3.65. The Finance Officer is responsible for checking that all payroll information is correctly entered onto the personnel system and any changes or amendments are supported by appropriately authorised documentation.
- 3.66. All changes to the salaries of the Headteacher and Assistant Headteachers must be authorised by the Finance Committee. All changes for other staff must be authorised by the Headteacher.
- 3.67. The Finance Officer must ensure that the Payroll Provider has (in time for monthly processing) complete details of: absences or unpaid leave; new appointments, contract amendments; terminations; overtime or other payments (including expenses). This information has to be authorised prior to despatch to the Payroll Provider. All authorised documents must be retained on the personnel files.
- 3.68. The PFO is responsible for reviewing the payroll on a monthly basis and ensuring that the changes notified are reflected in the payroll.

Payments

- 3.69. After the payroll has been processed but before payments are made, the Payroll provider will send a Gross Pay Comparison report which compares gross pay by individual compared to the previous month. This report must be reviewed by the Headteacher prior to instructing the Payroll provider to make payment.
- 3.70. After the payroll has been processed, the payroll Provider will send payroll reports to the Finance Officer and PFO. The PFO will process the payroll posting journals and will compare the amounts to budgets and reconcile to the wages control account. From the information provided, the payroll provider will prepare payments to be made to the pension agencies and HMRC.
- 3.71. The monthly payroll summary should be signed by the Headteacher and the PFO as evidence of their review.

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Expenses

3.72. Travelling expenses will be paid at the HMRC approved rate of 45p per mile. All expense claims should be approved as follows:

- Headteacher – Chair of Personnel Committee or both Assistant Headteachers
- Assistant Headteachers – Headteacher
- All other staff – Headteacher

Staff severance payments

3.73. The guidance on staff severance in the context of the proper use of public funds is detailed in the Academies Financial Handbook and must be referred to in all cases where staff severance payments are being considered.

Annual review of payroll arrangements

3.74. On an annual basis the PFO must check that, for each member of staff, the gross pay per the payroll system agrees with the contract of employment held in the personnel file in the Finance Officer's office.

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Fixed assets

Capital schemes

3.75. See Section 2, above.

Fixed asset register (FAR)

3.76. All capital items purchased over the capitalisation limit of £500 must be entered in an asset register. This must record:

- Asset description
- Asset number
- Date of acquisition
- Location
- Name of member of staff responsible for the asset.
- Asset cost
- Source of funding
- Expected useful economic life
- Depreciation
- Current book value

Asset security

3.77. All items included in the FAR should be permanently and visibly marked as the AT's property.

3.78. An annual check should be done to ensure that all assets included on the register exist and are unimpaired. Any differences should be investigated and, if significant, reported to the Governing Body.

Disposals

3.79. The guidance on asset sales in the context of the proper use of public funds is set out in the AFH, which should be referred to whenever assets are being considered for disposal.

3.80. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher for assets with original cost of less than £500 and by the Finance Committee for assets with an original cost in excess of this. For all asset disposals where expected proceeds exceeds

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£1,000, the Headteacher must ensure that a competitive bidding/tendering process is undertaken if the nature of the asset permits. If this cannot be achieved the method adopted to ensure value for money must be approved by the Governing Body.

Loan of assets

3.81. If a member of staff wishes to borrow an asset for personal use this must be organised through the Headteacher. The Headteacher must keep a record of the loan and check the condition of the asset on its return. Loans must be for short periods only to avoid potential benefit-in-kind tax consequences.

Stocks

3.82. Regardless of whether stocks of goods for resale (e.g. uniforms, sports equipment) are to be included within the ATs annual balance sheet, then a formal stocktake should be undertaken at 31 August. The stocktake should record each type of item held, and the number in stock. This should then be extended to record the associated cost of each item to give a closing stock figure.

3.83. A reconciliation should then be performed to this year-end figure, adding opening stock at cost to purchases at cost and deducting sales (reduced to cost by reducing sales value by an estimate of the known mark-up on goods sold). Any significant shortages should be identified by this reconciliation.

Bank and cash

Bank accounts

3.84. The opening of all bank accounts must be authorised by the Governing Body who must set out in a memorandum the arrangements covering the operation of the accounts including any transfers and cheque signing arrangements/BACS authorisation arrangements.

Deposits

3.85. Particulars of any bank deposit must be entered on a copy paying in slip, counterfoil or listed in a supporting book. The details must include the amount and a reference such as the name of the debtor

Payments and withdrawals

3.86. Payments are only to be raised against a certified invoice or petty cash requisition

3.87. All payments/withdrawals must be signed by two of the following:

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- Headteacher
- Assistant Headteachers
- Governor who is an authorised signatory
- Chair of Finance Committee
- Chair of Governors

3.88. Authorised signatories must not sign relating to goods or services for which they have been the sole authoriser of the expenditure.

3.89. Cheques are to be kept in a safe.

Reconciliations

3.90. The PFO must ensure that bank statements are received regularly and that reconciliations are performed on a monthly basis by the Finance Officer. These should be subject to an independent monthly review by the PFO and any adjustments should be dealt with promptly.

Petty cash

3.91. The petty cash held on site should be a maximum of £100. Petty cash is administered by the Finance Officer and kept in a cash box which is kept in the safe when not in use.

3.92. The only deposits to petty cash should be cheques cashed for that purpose. The receipt should be recorded in the petty cash system with the date, amount and reference. All other cash received for whatever reason should be paid directly to the bank.

3.93. Petty cash payments are limited to £10.

3.94. The Finance Officer must enter all transactions into the petty cash records on a regular basis.

3.95. Periodic and unannounced checks must be made by the PFO to ensure that the balance reconciles

4. Proper and regular use of public funds

Handbook requirements

- 4.1. The AFH sets out the requirements of the AT to put in place procedures to ensure regularity and propriety in the use of public funds. To comply, the AT must:
 - Establish controls to ensure that spending has been for the purpose intended (Section 3)
 - Maintain a register of trustees' business interests (below)
 - Establish controls to ensure no payments are made to Governors or other related parties, unless permitted (Section 3)
 - Ensure payments made to senior employees comply with the DfE's directions re avoidance of tax (Section 3)
 - Ensure a competitive tendering policy is in place and applied (Section 3)
 - Assets are not disposed of without appropriate consent (Section 3)
 - 4.2. The Accounting Officer's statement on governance, regularity, propriety and compliance must be included in the AT's annual report. The AO also has a responsibility to advise the Governing Body and the EFA on any instances of irregularity or impropriety, or non-compliance with the terms of the Funding Agreement.
 - 4.3. To help to enable the Principal to sign off on this statement, the AT maintains a Key Financial Controls Checklist, which sets out those key controls which should operate on a monthly, per committee meeting and annual basis. The PFO is responsible for maintaining this checklist and signing it on a monthly basis to confirm compliance.
-

Register of business interests

- 4.4. Governors and staff with significant financial powers must declare any financial interest they have in organisations or individuals from which the AT may be making purchases. The register is open to public inspection. All Governors and relevant staff will be asked to confirm on an annual basis that the register of interest is up to date and complete.
-

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- 4.5. The register should include all business interests, such as directorships, shareholdings and other appointments within a business or organisation which may have dealings with the AT. The disclosures should also include business interests of relatives or business partners where influence could be exerted.
- 4.6. The register of business interests does not detract from the duties of Governors and staff to declare interests whenever they are being discussed by the Governing Body or a Committee. Where an interest in a matter has been declared, Governors and staff should not attend the part of the meeting dealing with the matter.
-

Payments to Governors, employees or other related parties

- 4.7. Governors and staff will avoid accepting excessive hospitality, entertainment or other services from existing or prospective suppliers. A register of hospitality and gifts received shall be maintained.
- 4.8. Unless an individual has provided clear evidence of self-employed status all payments to individuals will be processed only through the payroll system.
- 4.9. Governors will receive no remuneration for their work other than payment of reasonable out of pocket expenses such as travel or accommodation charges incurred in connection with their duties as a Governor.
-

Abnormal transactions and delegated authorities

- 4.10. The following non-routine transactions are identified in the AFH:
- Overpayments
 - Unrecoverable debts
 - Guarantees, letters of comfort and indemnities
 - Losses of stock and other assets
 - Gifts or hospitality received or given
 - Gifts of surplus assets
 - Staff severance payments and compensation
-

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- Asset sales, leases and tenancy agreements
- 4.11. For all of the transactions above and any other transaction which falls outside the usual planned range of activities, the AT should obtain relevant professional advice where appropriate; ensure decisions reflect value for money; agree internal delegation levels; and disclose the aggregate of such transactions in the annual accounts, detailing each individual transaction greater than £5,000. All abnormal transactions must be reported to the Governing Body, regardless of the internal approval delegated authorities.
- 4.12. If the AT is involved in any of the above non-routine transactions, the guidance (including prescribed delegated limits) in Sections 2.4 and 2.6 of the AFH must be followed.
- 4.13. One of the recommendations of the AFH is that the AT should set internal delegation levels for the approval of the above non-routine transactions. These delegation levels are included in Appendix A below.
-

Other matters

Fees and charges

- 4.14. Fees for chargeable services should normally be set at full cost, but a higher amount may be used when in a commercial environment.

Whistleblowing

- 4.15. The following procedures must be followed by any member of staff who has concerns regarding the propriety or regularity of any activity undertaken by the AT or a member of its staff:
- Unless it is inappropriate to do so, the member of staff must initially express their concerns to the Principal
 - In the unlikely event that the concerns are such that it would be inappropriate to address these with the Principal (and only in these rare circumstances), the member of staff must express their concerns the Chair of Governors
 - In the very unlikely event that the concerns are such that this would also be inappropriate (and only in these extremely rare circumstances), the member of staff must contact the EFA.
- 4.16. Sir Robert Geffery's School has a Whistleblowing Policy in place, which is available on the school's computer system. All staff have access to the computer system, and should be made aware of these whistleblowing procedures.
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Borrowing

4.17. EFA approval is required for borrowing and certain other similar liabilities (leases, tenancies, indemnities). In the event that the AT considers entering into any such transaction, full Governing Body approval is required.

Credit cards

4.18. If the AT permits the use of school credit cards, credit limits must be set at appropriate levels and any balance must be repaid monthly in full, to avoid any borrowing risk.

Managing surplus GAG

4.19. Section 2.6 of the AFH sets out the EFA's guidance on the use of GAG 'carry-forward' and its monitoring arrangements. This is required reading for the Principal and the PFO. There must be a clear plan which demonstrates how the surplus funds are to be used for the benefit of the current pupils of the AT. This plan must be put to the Full Governing Body and approved formally at the time of the approval of the annual report and accounts.

5. Annual accounts and audit

Overview of audit arrangements

- 5.1. Audit requirements are set out in detail in Part 3 of the AFH and are not reproduced in this FPM.
- 5.2. External auditors must be appointed (and if necessary removed) in accordance with the guidance given in the AFH.
- 5.3. The AT must have in place a process for independent checking of financial controls, systems, transactions and risks. To achieve this (depending on its size and complexity), the AT must choose to have either a separate audit committee or a committee which fulfils the role of an audit committee.
- 5.4. The role of this committee is set out in Part 3 of the AFH. Arrangements must be put in place to deliver the controls assurance work required and may be carried out by:
- an internal audit service
 - a supplementary programme of work performed by the external auditors
 - a Responsible Officer (an unpaid volunteer, usually a governor)
 - a peer reviewer from another AT
- 5.5. The AT must set up appropriate arrangements and the appointed body/person must follow the programme of work required is attached at Appendix D.
-

Preparing for External Audit (EA)

Work to be undertaken during the accounting period

- 5.6. In order to ensure that the period end accounts and audit process is as straightforward and cost effective as possible, the following items should be addressed during the accounting period.

Reviewing the structure of the trial balance to ensure adequate fund accounting information

- 5.7. Whichever accounting system is used by the AT, it is essential that it is structured to enable detailed fund accounting records to be maintained throughout the period.
-

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5.8. The statutory accounts of the academy will require both the income and the costs of the AT to be analysed between each individual fund. Therefore all income and expenditure must be split between unrestricted funds (which are those that can be used for any purpose of the AT), restricted GAG funds and restricted other funds (such as Pupil Premium, SEN, start-up grants and other grants).

Maintaining a fixed asset register

5.9. As described in Section 3 above, a fixed asset register must be maintained accurately to ensure that EA time is not overspent in this area.

Maintaining a record of governors interests and related party transactions

5.10. As required in Section 4 above, the register of governors' interests must be maintained so as to be able to produce a schedule of transactions with governors and related parties, recording the date, description, amount of transaction and nominal code where the transaction is recorded.

Maintaining a record of meeting attendance

5.11. The annual report disclosures usually include details of the number of Governing Body and FC meetings that were held in the period, together with the number of meetings attended by each individual governor. A record of attendance should be maintained throughout the year, to ensure that the information is available at the year end.

Period end procedures to be undertaken

Period end adjustments

5.12. To prepare statutory accounts a number of period end adjustments to the trial balance figures are necessary. This work can be undertaken internally by the PFO or externally by the EA. This split of responsibilities will have an impact on EA fees.

5.13. The main adjustments required will be in the following areas:

- Reconciliation of the bank accounts and correction of any old or incorrect outstanding deposits / cheques
- Depreciation charges on the fixed assets for the period
- Calculation and inclusion of the period end stock value
- Prepayments – typically prepaid IT licences and support, rental payments paid in advance, grounds contracts paid in advance etc.
- Pupil Premium/SEN and other grant income where a deferral or accrual of income is needed so that income is recognised in the correct accounting period
- Accruals and deferred income – typically expected costs for the period that have not yet been invoiced for utility bills, service level agreements, accounts and audit fees, as well as deferring income received in advance on (e.g.) school trips

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- Reconciliation of the period end PAYE and NI creditors to the payroll, together with pension creditors
- Bringing in the income and expenditure on private school fund accounts if records of these are maintained separately
- Ensuring that the creditors ledger is complete. In order to facilitate this it is important that a file of late invoices relating to the period prior to 31 August, but received after the year end is maintained. If any such invoices have not been accrued for in the accounts, an adjustment may be necessary to bring them in.
- If the AT's accounting policy is to include stock held for resale (such as uniforms or sports equipment) within the balance sheet (which will depend on whether the amounts involved are considered significant), then the details from the annual stocktake (Section 3 above) need to be made available. Stock is valued at the lower of cost and the net realisable value that it can be sold for. Therefore if any items of stock are damaged or obsolete, these should be noted on the schedule and written down in value.

Documentation required for the preparation of the annual report and accounts

5.14. In order to prepare the annual report and accounts, the following documentation and information will be required.

Narrative reports

- 5.15. The first part of the annual report consists of a range of narrative reports setting out information about how the AT is run and structured, its achievements during the period and details on the various controls that it has in place.
- 5.16. This section of the report will require a significant amount of input from the governors and PFO. Therefore it is recommended that action is taken to start collating and drafting the narrative reports promptly after the period end and prior to the auditors coming on site.
- 5.17. Whilst some sections of narrative, such as the financial review, will need to be prepared after the draft accounts are available, the majority of the reports can be prepared before then.

Reference and Administrative Details

5.18. In order to complete this section the following information will be required:

- Details of all members of the Governing Body during the period including appointment / resignation dates
- Details of the senior management team (i.e. Principal, Deputy Principal, PFO etc)
- Details of bankers and solicitors

Governors' report

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- 5.19. Your auditors should be able to provide a Word version of the proforma 'Coketown' governors' report, which will provide guidance. However a number of sections will need to be written by the AT in the first year and reviewed and updated annually. As this is the governors' report, it will need to be circulated to, and agreed by, all of the governors prior to inclusion in the annual report.
- 5.20. Some of the sections of the governors' report will be able to be drawn from the Memorandum and Articles of the AT, including:
- Members' liability
 - Method of recruitment and appointment or election of governors
 - Objects and aims of the academy
- 5.21. The main areas requiring input from the AT are:
- Organisational structure
 - Risk management procedures
 - Activities of the AT during the period
 - Details of achievement and performance
 - Financial review
 - Reserves policy explaining why funds are held
 - Plans for future periods

Governance statement

- 5.22. The governance statement sets out information on the responsibilities of the Governing Body and in particular requires details of:
- The number of times the Governing Body met during the period
 - Details of the number of Governing Body meetings each governor attended in the period, and the total number they could have attended.
 - The same information for the FC.
 - Narrative on how the AT has decided to meet its internal control obligations, such as explaining the role of the Responsible Officer or Internal Auditor.

Financial information

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- 5.23. In order to prepare the main financial statements the following reports and documentation will be required by the auditors and it is important that this information is available in final form, prior to the commencement of the accounts and audit fieldwork.
- 5.24. Therefore if the AT uses any external assistance with the PFO role (e.g. LA support), it is important that their period end visit is scheduled in advance of the accounts and audit fieldwork commencing.
- 5.25. The information required for the main financial statements will include:
- Reconciled trial balance at 31 August
 - Bank and petty cash reconciliations at 31 August
 - Printout of aged debtors at 31 August
 - Details of any debtors that should be provided for as bad debts
 - Printout of the aged creditors at 31 August
 - Details of any late invoices relating to the period, that are not reflected in the trial balance
 - Workings to support any accruals, prepayment or deferred income calculations reflected in the trial balance. Supporting documentation should also be attached for items in excess of £5k
 - Nominal activity report printouts for repairs and maintenance costs, legal and professional costs, sundry expense costs and any uncleared suspense codes
 - Stock valuation at 31 August (if any)
 - The fixed asset register, reconciled to the trial balance.
- 5.26. The following information will also be required to complete the notes to the accounts:
- Operating lease agreements for all ongoing leases at 31 August. This will typically include building leases, photocopier / franking machine / IT leases, motor vehicle leases etc
 - Details of any capital commitments at the 31 August. These are legal commitments at the period end for work that has not yet been undertaken, typically signed building contracts, commitments to purchase IT equipment etc
 - The governor and officer indemnity insurance policy, showing the premium paid for the year

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- Average staff numbers for the period (calculated on a full time equivalent basis for part time staff). These should be split between relevant categories such as teachers, teaching assistants, admin and support staff and management
 - Details of pension contributions paid for employees earning over £60k per annum
 - Where any staff members have a mixed role and spend time on generating voluntary income, fundraising and educational operations, an estimated allocation of their salary costs between each role should be prepared
 - A schedule setting out governors remuneration for the period, including:
 - Gross remuneration and employers pension contributions paid on behalf of each staff governors (including the principal)
 - Expenses reimbursed to governors
 - A schedule setting out related party transactions. This should include transactions with businesses and organisations disclosed on each governor's declaration of interests
 - An FRS 17 Local Government Pension Scheme report at 31 August (and date of conversion in the first period)
 - Details of any post balance sheet events requiring disclosure in the accounts. This would include significant changes to the activities of the AT since the period end (i.e. additional members joining a multi academy trust), purchases, sales or losses of significant assets since the period end (including as a result of a catastrophe), strikes and labour disputes etc.
- 5.27. Access to the basic accounting records of the academy will also be required for both the accounts preparation and for audit testing purposes and therefore needs to be readily available:
- Bank statements for the period and since the period end
 - Purchase and expense invoices for the period and since the period end
 - Sales invoices for the period and since the period end
 - Purchase and sales credit notes for the period and since the period end
 - Grant documentation for all non-GAG restricted income (such as Lottery grants, capital grants and similar income sources)
 - Payroll records for the period
 - VAT returns or forms 126 for the period, with supporting workings.

Documentation required for the audit

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- 5.28. In order to conduct the audit fieldwork, the audit team will require access to the core accounting records and accounting information set out above, together with the following key documents:
- Minutes of Governing Body and FC meetings
 - Copy of the signed funding agreement
 - Copy of the latest budget submitted to the EFA
 - Documentation to support any balance transferred from the Local Authority on conversion
 - The register of governors' interests
 - Responsible officer / internal audit reports throughout the period
 - Full details of any claims or litigation by or against the academy
 - Full details of any fraud or suspected fraud arising during the period
 - Statutory records of the company, including Memorandum and Articles
-

Preparing for Annual Accounts Return (AAR)

- 5.29. The standard AAR is primarily based on the annual financial statements to 31 August, together with additional disclosures to allow for the consolidation of individual ATs into the government accounts.
- 5.30. Where the AAR is to be based on available accounts to 31 August, the following information will be required in addition to the final statutory accounts in order to complete the additional disclosures:
- An analysis of revenue and capital grants by the specific issuing body (EFA, DfE, STA, CAF/CASS etc)
 - Staff costs disclosed in the accounts to be analysed between those on permanent contracts and those on temporary contracts. As a minimum you will require a list of permanent and temporary staff names to enable the split to be calculated
 - Accrued or deferred holiday pay to be calculated as at 31 August 2012
 - The land and buildings valuation included in the accounts to be analysed between land and buildings
-

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- Total future operating lease commitments at the 31 August - this is an alternative treatment to the accounts that will have disclosed the annual cost (rather than total cost) of each commitment
 - The return requires a list of transactions and balances with parties related to the EFA (rather than just to the AT). The EFA related parties are provided by the EFA and therefore a list of transactions with any of these parties needs to be prepared
 - Counterparty balances return. This section of the return requires an analysis of all period end debtor and creditor balances and in-year purchase and sale transactions with counterparties, broken down by the individual counterparty. The relevant government counterparties include other academies, local authorities, district councils, HM Revenue & Customs, Teachers Pensions and other public bodies etc. There is a full list of potential counterparties on the 'CP IDs tab' of the AAR. Most accounting systems should allow a supplier report to be printed in order to identify the counterparties, and then transaction information can be obtained for each supplier
 - Details of the following transactions will also be required if they have occurred in the year:
 - Losses (re stock or other assets) or write-offs (unrecoverable debts or overpayments)
 - Gifts or hospitality received or paid
 - Special payments
 - Staff severance or compensation payments
 - Contingent assets and liabilities.
-

Appendix A - Scheme of delegation

Table of powers and duties

Activity	Governing Body (GB)	Finance Committee (FC)	Headteacher	Principal Finance Officer (PFO) (and finance team)	Others
Planning, risk management & entity level internal control	<ul style="list-style-type: none"> Approve strategic plan (a) Approve contingency & business continuity plan (a) Approve Scheme of Delegation (a) Sign Governance Statement (a) Formulate plans for the use of surplus funds (GAG and other unrestricted), including reserves policy 	<ul style="list-style-type: none"> Review risk register (a) Ensure insurance arrangements adequate (a) Review contingency & business continuity plan (a) Review PFO confirmation of effective segregation of duties (a) 	<ul style="list-style-type: none"> Prepare strategic plan (a) Overall responsibility for security of assets, information and records Sign Statement of Regularity, Propriety & Compliance (a) Sign Governance Statement (a) Line manager for PFO and FO, monitoring PFO and FO performance For abnormal transactions, approve the PFOs proposed procedures Advise the GB on the use of surplus funds (GAG and other unrestricted) 	<ul style="list-style-type: none"> Prepare strategic plan projections (a) Prepare contingency & business continuity plan (a) Prepare risk register (a) Arrange insurance cover (a) Notify FC of events which could affect the insurance arrangements Confirm effective segregation duties (a) Ensure FPM is up to date and staff are trained appropriately Identify, report and adopt the required procedures in connection with any abnormal transactions, as defined in Section 4 above, and report all to the GB 	
Budgetary control	<ul style="list-style-type: none"> Approve budget (a) Consider reports from Finance Committee Authorise all budget virements over threshold 	<ul style="list-style-type: none"> Recommend acceptance (or otherwise) of annual budget to GB (a) Monitor budgetary control reports & report to GB (em) Review budget virements over threshold 	<ul style="list-style-type: none"> Review budgetary control reports to identify any overspending risk (m) Authorise budget virements within limits & notify FC 	<ul style="list-style-type: none"> Prepare budget (a) Prepare budgetary control reports (m) Monitor income, expenditure & cashflow against budget (m) Report on budget monitoring to FC (em) Authorise budget virements within limits and notify FC Monitor expenditure against delegated budget (m) Report any expected overspend or irregularity to PFO 	
Nominal ledger & accounting		<ul style="list-style-type: none"> Review list of staff system access authorities (a) 		<ul style="list-style-type: none"> Ensure system security (a) Ensure internal controls are designed to operate (and are operating) in accordance with the FPM 	

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Activity	Governing Body (GB)	Finance Committee (FC)	Headteacher	Principal Finance Officer (PFO) (and finance team)	Others
system		<ul style="list-style-type: none"> Receive report from PFO on use of restricted funds (em) 		(a) <ul style="list-style-type: none"> Monitor use of restricted funds for specified purposes (m) 	
Income & debtors	<ul style="list-style-type: none"> Authorise write off of debts > limit set in AFH Raise sales invoices over threshold 	<ul style="list-style-type: none"> Raise sales invoices within limits 	<ul style="list-style-type: none"> Raise sales invoices within limits 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM (a) Check and confirm that all grant income due has been received (m) Raise sales invoices within limits 	
Purchases, payments & creditors	<ul style="list-style-type: none"> Maintain register of business interests Authorise advertising & award of tenders over threshold Authorise acceptance of all late & not most financially favourable tenders 	<ul style="list-style-type: none"> Authorise advertising & award of tenders within limits 	<ul style="list-style-type: none"> Open tenders in the presence of another authorised person Authorise orders & contracts within limits 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Open tenders in the presence of another authorised person Authorise orders & contracts within prescribed limits Ensure there is adequate segregation of duties 	<ul style="list-style-type: none"> Budget holders authorise orders within limits Assistant Headteachers can open tenders in the presence of another authorised person Administrators are authorised to receive and check goods
Payroll	<ul style="list-style-type: none"> Approve personnel establishment (a) 	<ul style="list-style-type: none"> Authorise permanent headcount changes in excess of budget 	<ul style="list-style-type: none"> Approve staff appointments within authorised establishment in conjunction with Personnel Committee Approving the payment of salaries (with PFO) (m) 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Manage the contract with the payroll service provider Approve the payment of salaries (with Principal) 	
Fixed assets	<ul style="list-style-type: none"> Authorise disposal of surplus assets with original purchase value > £5k 	<ul style="list-style-type: none"> Receiving report from PFO on asset inventory check (a) For any capital schemes, approve the project management plans Authorise disposal of surplus assets with 	<ul style="list-style-type: none"> For any capital schemes, approve the project management plans prepared by the PFO 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM For any capital schemes, prepare detailed project management plans 	

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Activity	Governing Body (GB)	Finance Committee (FC)	Headteacher	Principal Finance Officer (PFO) (and finance team)	Others
		original purchase value < £5k			
Bank and cash			<ul style="list-style-type: none"> Sign cheques with one or two other signatories dependent on amount 	<ul style="list-style-type: none"> Ensure internal controls are designed to operate (and are operating) in accordance with the FPM Sign cheques with one other signatory 	<ul style="list-style-type: none"> Assistant Headteachers can sign cheques with one other signatory
Accounts and audit	<ul style="list-style-type: none"> Appoint Responsible Officer (RO) /Internal Auditor (IA) role Appoint External Auditors (EA) Approve annual accounts(a) 	<ul style="list-style-type: none"> Undertake audit committee role*, including receiving reports from RO/ IA Review annual accounts (a) 	<ul style="list-style-type: none"> Oversee the PFO in connection with accounts and audit arrangements 	<ul style="list-style-type: none"> Prepare annual accounts (a) (with assistance from EA) Prepare AAR Produce information needed by EA (a) 	

* If appropriate and separate Audit Committee not required Key (a) = annually (em) = each meeting

Summary of financial authorisation levels

<i>Delegated Duty</i>	<i>Value</i>	<i>Delegated Authority</i>	<i>Method</i>
Ordering Goods and Services	Up to £250 (or 5% of delegated budget whichever is the lower)	Budget Holder and Headteacher	Selection from preferred supplier list unless agreed otherwise with Headteacher
	Up to £5000	Headteacher	As above
	£5,000 to £12,000	As above plus Finance Committee	Formal tendering process, including advertising in OJEU (if over OJEU threshold)
	Over £12,000	Governing Body	
	Contract with annual value up to £5,000	Finance Committee	
	Authority to accept other than lowest quotation up to £5,000	Headteacher	
	Authority to accept other than lowest quotation from £5,000 to £12,000	Finance Committee	
	Authority to accept other than lowest tender	Governing Body	
Signatories for cheques, BACS payment authorisations and other bank transfers	Any	Up to £500 – 1 signatory £500 - £5000 – 2 signatories Above £5000 – 3 signatories (1 must be a governor) Signatories are: <ul style="list-style-type: none"> • Headteacher • Assistant Headteachers • Governors 	
Signatories for EFA grant claims and EFA returns	Any	Two signatories (or as required by EFA) from: <ul style="list-style-type: none"> • Headteacher • Governors 	
Virement of budget provision	Up to £5,000	PFO, with Headteacher	

<i>Delegated Duty</i>	<i>Value</i>	<i>Delegated Authority</i>	<i>Method</i>
between budget heads	£5000 to £10,000	As above, with reporting to the Finance Committee	
	Over £10,000	Governing Body	
Disposal of assets	Assets which cost up to £5,000	Finance Committee	
	Assets which cost over £5,000	Governing Body	
Write-off of bad debts	Up to £250	Headteacher	
	Over £250	As above plus Finance Committee	
Purchase or sale of any freehold or leasehold property	Any	Worshipful Company of Ironmongers approval required	
Granting or take up of any leasehold or tenancy agreement exceeding three years	Any	Worshipful Company of Ironmongers approval required	
Raising invoices to collect income	£2,500 to £12,500	Headteacher	
	£12,500 to £25,000	As above plus Finance Committee	
	Over £25,000	Governing Body	

Appendix B – Abbreviations

AAR	Annual Accounts Return
AFH	Academies' Financial Handbook
AO	Accounting Officer (Principal)
AT	Academy Trust
DfE	Department for Education
EA	External Auditors
EFA	Education Funding Agency
FC	Finance Committee
FPM	Financial Procedures Manual
GB	Governing Body
IA	Internal Auditors
PFO	Principal Finance Officer
RO	Responsible Officer