

**The Academy is committed to excellent Safeguarding**

## **FINANCE POLICY**

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Portfolio Group responsible: Finance

Origin: Business Manager



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## **INTRODUCTION**

The purpose of the Finance Policy and its associated procedures is to ensure that the Academy 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 effectively to meet the regulatory requirement of the following:

- Companies Act
- Department for Education (DfE)
- Education Funding Agency (ESFA)
- St Christopher's Church of England (Secondary) Multi Academy Trust Local Governing Body

The Academy must comply with the principles of financial control outlined in the Academies Financial Handbook published by the DfE and its Funding Agreement. This policy and the associated procedures expand on that and provide detailed information on the Academy's accounting procedures and should, along with the Academies Financial Handbook, be read by all staff involved with financial systems.

The Academy Trust and Local Governing Body will apply the principles of best value to all Academy financial dealings, resulting in the most effective, economic and efficient use of resources.

## **ORGANISATION**

The St Christopher's C of E (Secondary) MAT (the Academy Trust) is a company limited by guarantee with charitable status. It comprises members of the Trust and has a strategic role in running the Academy, with control over its land and assets, and is responsible for appointing the Directors who appoint members of the Local Governing Body. It delegates management oversight and scrutiny of the Academy to the Local Governing Body (LGB)

The main responsibilities of the Trust, delivered through the LGB, are prescribed in the Funding Agreement between the Trust and the DfE. Key financial responsibilities include

- Ensuring that grant from the ESFA is used only for the purposes intended
- Approval of the annual budget
- Balancing its budget from year to year
- Production of an Annual Report and Accounts
- Appointment of the auditors
- Appointment of the Head teacher (as Accounting Officer); and
- Appointment of the Business Manager in conjunction with the Head teacher

The Directors that sit on the LGB as trustees have certain obligations to protect the assets, property and good name of the Academy.

The Academy has defined the responsibilities of key portfolio groups and staff involved in the administration of the Academy finances to provide a framework of accountability for governors and staff. The portfolio group that has responsibility relating to the Academy finance is:

- Finance and Audit portfolio group

The main responsibilities of this portfolio group are set out in written terms of reference approved by the Directors and LGB.

## **The Head teacher**

The Head teacher has overall responsibility for the Academy's activities including financial activities. The Funding Agreement requires the Academy to identify the Head teacher as the Accounting Officer who is responsible to the Directors and LGB for:

- ensuring regularity and propriety
- prudent and economical administration
- avoidance of waste and extravagance
- efficient and effective use of available resources; and
- the day to day organisation, staffing and management of the Academy

In practice, much of the financial responsibility is delegated to the Business Manager but the Head teacher still retains responsibility for:

- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the governors have agreed should be approved by them
- Preparing budget plans in conjunction with the Business Manager
- Implementing expenditure in line with the Academy budget
- Seeking approval for purchase orders or contracts in excess of delegated thresholds
- Submitting reports to the Finance and audit portfolio group giving details of income, expenditure and commitments to date
- Ensuring any actions resulting from the annual audit are implemented

## **The Business Manager**

The Business Manager works with the Head teacher and has direct access to the Directors and LGB via the Finance and audit Portfolio group. The main responsibilities of the Business Manager are:

- the day to day management of financial issues including the establishment, maintenance and operation of a suitable accounting system
- the management of the Academy financial position at a strategic and operation level within the framework for financial control determined by the LGB.
- preparation of budget plans in conjunction with the Head teacher
- the maintenance of effective systems on internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
- the preparation of monitoring reports
- authorising signing of cheques/releasing payments in conjunction with the Head teacher or other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority (Appendix 1)
- ensuring forms and returns are sent to the ESFA in line with any timetabled DfE/ESFA guidance
- overseeing and line managing the work of other staff in the admin/finance department

## **The Responsible Officer**

The Responsible Officer (RO) is appointed by the Trust and provides the LGB with an independent oversight of the Academy's financial affairs. The main duties of the RO are to provide the Trust with independent assurance that:

- the financial responsibilities of the Academy 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

The RO will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the LGB. A report of the findings from each visit will be presented to the finance and audit portfolio group. Detailed guidance on the transactions to be checked by the RO is given in the Academies Handbook.

### **Finance Staff**

The Academy Finance Department comprises of a Finance Officer who reports to the Business Manager. The Head teacher and Business Manager will establish procedures to ensure that

- personnel are competent, suitably qualified and trained to perform at a level commensurate with their responsibilities
- clear statements of criteria for personnel selection and job descriptions are maintained
- the finance staffing levels are adequate
- there are effective arrangements to deal with the absence of key financial personnel

### **Appointment of External Auditors**

The Academy is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for one year renewable at the discretion of the Trust.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the DfE
- proper accounting records have been kept by the Academy throughout the financial year
- grants made by the ESFA have been applied for the purposes intended

The Trust should arrange for on-going monitoring of the performance of the auditors to be undertaken.

### **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 may arise, all directors, governors and staff with financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosure should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor 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 directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the Trust, LGB or a portfolio group. Where an interest has been declared, directors, governors and staff should not attend that part of any portfolio group or other meeting.

The register should be updated at least once a year. All directors, governors and relevant staff in posts with financial or spending responsibilities are required to submit a return, including a nil return where relevant. Records should be held by the Academy Clerk to the LGB.

## **ACCOUNTING SYSTEM**

All financial transactions of the Academy should be recorded on the approved finance system. The finance system is operated by the finance department and as a minimum, will consist of a purchase, sales and cash book module.

All payroll transactions are currently processed by a Payroll Provider as part of a Service Level Agreement. These are imported into FMS for automatic reconciliation using Payroll2FMS software.

### **System Access**

Entry to the finance system is password restricted and the ICT Network Manager is responsible for implementing a system which ensures that passwords are changed periodically. The Business Manager in conjunction with the ICT Network Manager is responsible for ensuring that members of staff have appropriate levels of access that are commensurate with their levels of responsibility.

### **Backup procedures**

The ICT Network Manager is responsible for ensuring that there are effective backup procedures for the whole of the finance system. This is currently held on the Terminal Server. An annual Service Level Agreement is purchased.

The Business Manager shall prepare a disaster recovery and business continuity plan in the event of loss of the finance system or financial data. This should link in with the Risk Assessment of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks.

### **Transaction Processing**

All transactions input to the finance system should be authorised in accordance with the procedures specified in this policy. Detailed procedures for the operation of the payroll, the purchase ledger, the sales ledger, the disposal of assets and the maintenance of asset records must be produced by the Business Manager and approved by the Finance Director. All journal entries must be documented when inputted into the finance system. Bank transactions should be input by the Finance Officer and the input should be checked by the Business Manager.

Requests for BACS payments to any supplier or individual must be made to the Business Manager who will request relevant paperwork and will follow delegated powers (Appendix1) before any transaction is made.

Detailed information on the operation of the finance system can be found in the user manuals held in the Business Managers and Finance offices.

The Academy will seek to adhere to the control principles set out within the Academies Financial Handbook.

## **BANKING AND CASH MANAGEMENT**

### **Bank Accounts**

The opening of all bank accounts should be authorised by the Finance and audit portfolio group and reported to the LGB. The approved Scheme of Delegated Financial Authority (Appendix 1) sets out the signatory authorities operating on the Academy bank accounts.

### **Deposits**

The main sources of income for the Academy are the grants from the ESFA and from the Local Authority. The receipt of these sums in the Academy bank accounts is monitored directly by the Business Manager, who is responsible for ensuring that all grants due to the Academy are collected on a timely basis.

All cash receipts for whatever reason should be paid directly into the relevant Academy bank account.

Particulars of any cash deposit must be entered into the finance system and details should include:

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

### **Payments and Withdrawals**

All cheques and BACs payments and other instruments including bank purchase cards authorising withdrawal from Academy bank accounts must be approved in accordance with the Agreed Scheme of Delegated Financial Authority (Appendix 1). This provision applies to all accounts, public or private, operated by or on behalf of the LGB.

### **Administration**

The Business Manager must ensure bank statements are received regularly and that reconciliations are performed on a monthly basis. Reconciliation procedures must ensure that:

- reconciliations are prepared monthly
- reconciliations are subject to an independent monthly review carried out by the Business Manager
- adjustments are dealt with promptly

### **Petty Cash/Card Account**

The Academy holds a petty cash / card account. Funds for this account are transferred from the main Academy bank account by the Business Manager on request from the Finance Officer. This is used in the following situations:

- small amounts of cash required for reimbursement
- payments using the internet of rail tickets etc.
- items identified as best value

Reimbursements made to students must be made either by a cheque made payable to the parent or via a BACS payment direct into the parents bank account. This must be submitted with the correct receipts which must be checked by the Finance Officer.

An indemnity form for monies taken in advance for school trips must be completed by the Finance Officer and signed by the member of staff taking the advance. (Appendix 13)

The Finance Officer will exercise discretion over the use of petty cash within guidance given by the line manager.

### **All Weather Pitch Account**

The Academy has a separate bank account for holding the sinking fund for the AWP. In the agreement with the FA when the AWP was built it was a condition of the grant that the Academy would hold a sinking fund to replace the surface of the pitch.

### **Cash Flow Forecasts**

The Business Manager in conjunction with the Finance Officer is responsible for preparing cash flow forecasts to ensure that the Academy 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. Similarly, plans should be made to transfer funds from another bank account to cover potential cash shortages if appropriate.

### **Investments**

Investments must only be made in accordance with the Treasury Management Policy approved by the LGB.

All investments must be recorded in sufficient details for external scrutiny. Procedures must be put into place to properly account in the finance system for any income generated as a result of investments made.

## **EXPENSES POLICY**

### **General Principles**

It is the Academy's policy to ensure that directors, Governors and members of staff are reimbursed promptly and appropriately for expenses incurred on Academy business. However, it should be stressed that it is the responsibility of the claimant to ensure that costs are appropriate and reasonable. Any attempt knowingly or falsely to claim expenses in breach of the Expenses Policy will result in disciplinary action.

It is also the Academy's policy to ensure the best use of public monies at all times, taking into account the nature of its business.

Directors, governors and members of staff are expected to display prudence with respect to business related expenses at all times, to base their business spending decisions on the best interests of the Academy. Only actual expenses incurred in accordance with the travel guidelines and in the course and interest of the Academy's business will be reimbursed to employees.

Full details of the Academy Travel and Subsistence Policy are set out in Appendix 2 with rates payable for Travel and Subsistence set out in Appendices 3 and 4 respectively.

### **Entertaining visitors**

Directors, governors and staff may entertain visitors and guests only where it is within budgetary limits and is likely to help the Academy to further its business objectives. Advance approval from the Head



teacher or Business Manager is required. In-house facilities should be utilised except in exceptional circumstances.

The names of each person attending must be noted on the claim, identifying which attendees are from the Academy and which are external guests. When in-house catering is used the names should be given to the Academy Catering Manager.

Subject to these constraints and those in relation to the Gifts and Hospitality Policy (included in this policy) directors, governors and staff may claim reasonable and appropriate entertaining expenses.

### **Entertaining staff**

The cost of entertaining other Academy staff is not normally reimbursable. Reimbursement may only be claimed where exceptional business purposes justify the expense. Advance approval from the Head teacher or Business Manager is required.

The names of each person entertained must be noted on the claim or given to the Academy Catering Manager.

When approval is given and such entertaining results in a taxable benefit on the staff entertained, the Academy will meet this tax liability.

### **Other Circumstances**

In circumstances where a member of staff should incur other expenses that are not explicitly covered by this policy, reimbursement may be available providing agreement has been reached with the Head teacher and the Business Manager.

### **DSE Users**

Staff who use computers daily for continuous spells of an hour or more, or a total daily time of 3 hours or more will have a DSE assessment carried out. This will be achieved by completing the DSE form on request from the Business Manager and on completion returning it to the Business Manager. All DSE workstation users are entitled to a free eye test should they feel they need one. This is carried out at the expense of the Academy. Staff should try wherever possible to obtain a voucher for a discount or free test. Should the ophthalmic optician prescribe the use of spectacles to correct vision defects at viewing distances used specifically for DSE work (usually 50-60 cm), then an allowance of £55 including VAT should be paid to the employee to cover the cost of the basic standard spectacles adequate for the task. Again this cost is met by the academy through devolved funding upon production of a receipt confirming the optician's prescription. There is a standard form (Appendix 12) for completion by the optician. Users who currently use normal spectacles or contact lenses prescribed for any other reason are to be afforded the same expense and allowances as other users, only if they are prescribed special corrective appliances specifically for DSE work. Users are entitled to further eyesight examinations at regular intervals – two years is considered good practice.

For full details relating to DSE, reference should be made to the HSA0012 DSE Guidance Note

### **Reimbursement of Expenses**

Staff expenses will only be reimbursed if they are:

- supported by detailed (VAT) receipts and credit card slips if necessary
- submitted on the Academy Staff Expenses claim form
- submitted within one (1) month of being incurred

- fully completed
- appropriately authorised
- claimed in line with this Finance Policy

In exceptional circumstances, the Academy may consider reimbursing minor claims for travel without the back-up receipt, for example the use of a prepaid Oyster card to travel on Academy business where no receipt is currently issued or tube tickets that are retained as you pass through the ticket barrier. Staff should give a full explanation to explain why no receipt is available and must include this on the expense claim form before submission.

In claiming reimbursement, staff must confirm both that the expenses have been incurred and that the Academy business to which they relate has been carried out in the manner most cost effective to the Academy in the circumstances.

Authorised expenses submitted in line with this policy on the required forms will be paid directly into the member of staffs bank account or building society account on a monthly basis along with their salary. The Finance Department must receive claims on or before the last day of each month in order to receive payment on the following pay date. Directors and governors expenses need to be submitted on a claim form from the Clerk to the LGB and this will be reimbursed by cheque or BACS payment.

### **Interview Expenses**

Claimants should have due regard for economy in incurring travel expenses. Only expenses necessarily incurred will be reimbursed. It is expected that claimants will make use of public transport to attend The Ilfracombe Academy. Those who travel by public transport will be paid the bus or rail fare actually incurred. On some occasions due to geographical difficulties it may be impractical to use public transport, consequently mileage may be paid (the suitability for payment of mileage is decided by The Ilfracombe Academy). Reasonable subsistence expenses will be paid in accordance with The Ilfracombe Academy Policy, provided that the appropriate receipt is attached to the claim. REIMBURSEMENT WILL NOT BE MADE WITHOUT ATTACHING THE RECEIPT.

Breakfast is payable where a claimant leaves homes before 7.30am.

Lunch is payable where a claimant leaves home before 11.30am and returns after 2.30pm.

Evening Meal is payable where a claimant is travelling after 8.30pm

In special circumstances there will be an allowance for overnight accommodation. If you require to claim this allowance, please contact the school in advance on 01271 863427.

Where a candidate is travelling by rail and necessarily takes a meal in a restaurant car then the actual costs of the meal as stated on the receipt will be reimbursed. Allowances are not payable when meals are provided to candidates by The Ilfracombe Academy.

Payment of expenses for candidates will be paid by BACS or cheque. Cheques will be forwarded by post after the interview.

Candidates for appointments who are required to travel from beyond the mainland may claim the above expenses, on the following conditions:

- Interviewees from EU countries and beyond may only claim from the port or airport of entry into the United Kingdom.
- Interviewees who are UK residents may claim from any point in the United Kingdom, including the Channel Islands, Isle of Man and Northern Ireland.

## **EXTERNAL REPORTING**

Academies are companies limited by guarantee with charitable status. The Academy is required to produce annual financial statements in accordance with the applicable United Kingdom Standards, the Charity Commission 'Statement of Recommended Practice; Accounting and Reporting by Charities' (SORP 2005), The Academies Accounts Direction issued by ESFA and the Companies Act 2006. The financial statements should give a true and fair view of the Academy's financial position at the balance sheet date and of the income and expenditure and cash flows for the period ended to that date. They require independent audit examination and will need to contain an independent auditor's report.

The Annual Report and Financial Statements should include:

- Reference and administrative details
- The Directors' Annual Report
- A statement on Internal Control
- A Statement of Directors' Responsibilities
- An Independent Auditor's Report
- A Statement of Financial Activities, including an Income and Expenditure Account
- A Balance Sheet
- A cash Flow Statement
- Notes to the Financial Statement

The Annual Report and Financial Statements must be approved at a meeting of St Christopher's C of E (Secondary) MAT and signed and dated on behalf of the Trust by the Chair of the Board or another Trust member authorised to do so.

The Accounting Policy (Appendix 10) can be found in the annual audited accounts.

The audited Annual Report and Financial Statements must be filed with the ESFA by 31<sup>st</sup> December each year and also with Companies House by 31<sup>st</sup> May.

Further detailed information can be found in the Academies Financial Handbook and the Academies Accounts Direction issued by the ESFA each year.

### **Other reports**

The draft Annual Report and Financial Statements, including the independent auditors report, will be reviewed by the Finance and audit portfolio group prior to being presented for approval by the LGB and at a meeting of St Christopher's C of E (Secondary) MAT.

All other latest financial reports will be presented to the meeting of the Finance and audit portfolio group as and when held.

## **FINANCIAL PLANNING**

### **General Principles**

The Academy prepares both medium-term and short-term financial plans which are aligned to the needs of the Academy Improvement Plan.

The Improvement Plan indicates how the Academy's educational and other objectives are going to be achieved in the next academic year and over the medium term. It provides the framework for the

annual budget with is a detailed statement of the expected resources available to the Academy and the planned use of these resources for the following year.

The financial planning and budgetary control processes are described in more detail below.

### **Annual Budget**

The Head teacher, in conjunction with the Business Manager, is responsible for preparing and obtaining approval for the annual budget. The budget after consideration by the Finance and audit portfolio group must be recommended by the full LGB for approval by the board of Directors.

The approved budget must be submitted to the ESFA by the stated deadline each year. The Business Manager is responsible for establishing a timetable which allows sufficient time for the approval and ensures that the submission date is met.

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

The budgetary planning process will incorporate the following elements.

- forecasts of likely numbers of students in order to estimate the amount of government grant receivable, until receipt of the final funding notifications.
- review of other income sources available to the Academy to assess likely level of receipts
- review of past and current performance against budgets, along with expected variations in cost, e.g. pay and price increases, in order to promote an understanding of the Academy cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the Academy Improvement Plan objectives
- review of resource needs of each programme area within the Academy
- consideration of how the Academy is achieving best value in its operation

### **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 and expenditure headings will need to be reviewed for areas where savings can be made. This may entail prioritising tasks, implementation changes in order to deliver efficiency savings or deferring projects until more funding is available. Planned use of reserves to balance the budget can be made subject to approval by the board of directors and maintenance of a minimum prudent level of reserves. 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 priority need.

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared and proposed by the Head teacher in conjunction with the Business Manager for consideration by the Finance and audit portfolio group prior to recommendation by the full LGB for approval by the board of Directors. Medium term financial forecasts should be presented alongside the annual budget proposals in order that Governors can consider and approve budget plans in the context of medium term estimates.

Once the budget has been approved it should be communicated to all staff with financial responsibility so that everyone is aware of the overall budgetary constraints. Initial approved budgets will be communicated to Budget Holders in advance of the start of each financial year.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which is likely to need revising by way of virements throughout the year as circumstances change.

## **Monitoring and Review**

Half Termly reports will be prepared by the Business Manager. The reports will include actual income and expenditure and commitments against budget and a forecast for the year and will be presented to the Head teacher and Finance and audit portfolio group.

It is the responsibility of each Budget Holder to manage the budgets under their control and to ensure that the funds available are not overspent. Budget Holders will be provided with monthly statements from the Finance Officer which will include:

- overall summary of financial position
- detailed financial summary with actual cost incurred and commitments against budget profile
- details of transactions processed against those budgets for which they are responsible

During the first two weeks of each term, the Business Manager will meet with Budget Holders to review their financial position for the period (using the above reports) and develop a forecast position for the end of the year. Actions to keep the budget in line (i.e. to prevent under or overspend) will also be discussed. Department underspends will be approved at the discretion of the Head teacher/Business Manager if a valid reason is identified, although this is not guaranteed and will be reviewed annually.

Any potential devolved budget overspends against budget must be reported to the Business Manager and no additional expenditure committed unless agreed by the Head teacher. The Finance System will not allow payments to be made against an overspent budget without the approval of the Head teacher or Business Manager.

The Head teacher and Finance Director will meet to discuss the financial position and decide on any appropriate action to be taken or reported to the Finance and audit portfolio group.

Budget Monitor reports with recommendations will be produced and presented to the Finance and audit portfolio group and the LGB as appropriate at the respective meetings.

The monitoring process will be effective and timely in highlighting variances in the budget with differences being investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from any contingency. All budget virements must be authorised in accordance with the agreed Scheme of delegated Financial Authority set out in Appendix 1.

## **FIXED ASSETS**

### **Purchase of assets**

All assets purchased with a value over £1,000 must be entered in the capital asset register. Assets of a lower value but which are perceived as a high risk item, should be entered onto a separate inventory register for insurance purposes / asset management purposes e.g. laptops, digital cameras etc.

### **Asset Register**

The asset register should include the following information:

- date of acquisition
- description of the asset including a unique identification mark such as a serial number
- cost
- source of funding i.e. grant or donations
- location of asset
- expected useful life of asset
- name of staff member responsible for that asset
- depreciation charge for the current year

The asset register helps:

- to ensure that staff take responsibility for the safe custody of assets
- with the security of assets e.g. to enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- to calculate capital asset depreciation costs
- to help the external auditors to draw conclusions on the annual accounts and the Academy's financial system
- to support insurance claims in the event of fire, theft, vandalism or other disasters

The items on the fixed asset register should be categorised into:

- Land and buildings, analysed between freehold and leasehold
- Furniture and equipment
- Computer equipment and software
- Motor vehicles
- Assets under construction (if applicable)

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All items in the register should be permanently and visibly marked as the Academy's property and there should 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 should be investigated promptly and where significant, reported to the Business Manager. Inventories of Academy property should be kept up to date and reviewed annually. Where items are used by the Academy but do not belong to it, this should be noted.

### **Disposals**

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Manager and where significant, should be sold following competitive tender. The Academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid or if it intends to dispose of assets inherited from Devon County Council.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment, however if on the rare occasion that assets are disposed of internally, appropriate guidance on price must be sought. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner.

The Academy is expected to re-invest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the ESFA a proportion of the sale proceeds.

Academy land and buildings cannot be disposed of by the Academy.

### **Loan of assets**

With the exception of ICT assets specifically intended for the purposes, e.g. laptops, property must not be removed from Academy premises without the authorisation of the Head teacher/Business Manager. A record of the loan must be recorded in a loan register and booked back into the Academy when it is returned.

If assets 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 Academy's auditors.

## **DEPRECIATION POLICY**

### **Land and buildings**

Assets under construction – no depreciation is provided on land and assets in construction

Freehold land is not depreciated

Leasehold buildings will be depreciated on a straight-line basis over the term of the lease, which will be 50 years

Enhancement to buildings (leasehold) is depreciated on the lesser of 20 years or the remaining period of the lease.

### **Equipment**

Equipment costing less than £1,000 per item or group of items is written off to the income and expenditure account in the period of acquisition. All other equipment with an expected life of more than one year is capitalised at cost.

(Equipment is depreciated on a straight line basis over its useful economic life as follows)\*

Boilers, cabling/ducting	15 years – 6.66% straight line
Motor vehicles	10 years – 25% reducing balance
Furniture and Fittings	10 years – 10% straight line
Office Equipment	5 years – 20% straight line
Classroom Equipment	5 years – 20% straight line
Musical Instruments	5 years – 20% straight line
Audio-visual & Recording Equipment	5 years – 20% straight line
Kitchen Equipment	5 years – 20% straight line
ICT Hardware and Software	3 years – 33% straight line

\*(Certain individual assets may have a 'useful economic life' that varies from the above. Where this is the case, the policy can be varied to reflect this and reflected in the Academy financial statements)

## **Leased Assets**

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. No leases will be entered into without the prior approval of the Finance Director.

Depreciation is charged to the income and expenditure on the same basis as above. Leasing payments are treated as consisting of capital and interest elements and interest is charged to the income and expenditure account over the period of the lease.

## **GIFTS AND HOSPITALITY**

The Gifts and Hospitality Policy of the Academy is intended to assist all staff members in following the various Academy guidance and relevant legislation on the giving and receipt of hospitality or gifts.

The policy covers both the receipt and delivery of hospitality and gifts to / by members of staff, in their capacity as employees of the Academy. On leaving the Academy all members of staff will be presented with a piece of framed print of a student's art work.

The term 'gifts' is deemed to include:

- goods provided for personal or private use
- personal services
- loans of equipment, vehicles etc. for personal use
- the provision of goods and / or services at preferential cost (including loans of money) for personal or other private use

The term 'hospitality' is deemed to include the offer or receipt of:

- food and drink
- travel
- accommodation
- entertainment

## **Legal Framework & National Guidance**

### *Prevention of Corruption in the Public Sector*

Under the Prevention of Corruption Acts, 1906 and 1916, it is an offence for employees corruptly to accept any gifts or consideration as an inducement of reward for:

- Doing or refraining from doing, anything in their official capacity
- Showing favour or disfavour to any person in their official capacity



Under the 1961 Act, any money, gift or consideration received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed to have been received corruptly unless the employee proves to the contrary.

## **General Principles**

The Academy is responsible for ensuring the guidelines are brought to the attention of all employees, and that a framework is put in place to ensure they are effectively implemented.

It is the responsibility of staff to ensure that they are not placed in a position which risks, or appears to risk, conflict between their private interests and their duties at the Academy. This applies to both staff who commit resources directly (e.g. the ordering of goods or services) or indirectly (e.g. by policy development).

The provision of the policy shall be held to apply to all staff members. There is no seniority threshold. In cases or doubt, individuals should clear the acceptance of gifts or hospitality with the Head teacher.

Each employee has a personal responsibility to declare hospitality and gifts in accordance with the policy. Non-compliance with the policy may lead to disciplinary action. Staff also need to be aware that a breach of the provisions under legislation may make them liable to prosecution and may also lead to loss of employment.

Any hospitality or trivial gifts accepted should be entered on a Gifts and Hospitality Register maintained within the Finance Office. It should be noted that this register is not a confidential document and should be made available to interested parties on request.

It is the responsibility of the Finance Director to periodically review the Gifts and Hospitality Register.

## **Receipt of Hospitality**

### *Acceptable Hospitality*

Modest hospitality is an accepted courtesy of a business relationship. However, the recipient should not allow themselves to reach a position whereby he or she might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality.

The frequency and scale of hospitality accepted should not be significantly greater than the recipient's employer would be likely to provide in return.

Any hospitality accepted of a value exceeding £20 should be recorded on the register.

### *Unacceptable Hospitality*

Any hospitality which does not fulfil the criteria in the above paragraph will be unacceptable. Where this is not easy to decide, the offer should be declined or advice sought from the Head teacher. Any significant hospitality offered to Academy employees whether accepted or declined should be recorded in the register.

### *Commercial Sponsorship*

As a general principle, all offers of hospitality received from commercial third parties should be refused. Attendance at relevant commercially sponsored conferences and courses is acceptable but

only where acceptance will not, and cannot be seen as compromising purchasing or other decisions in any way. Receipt or provision of such sponsorship should be recorded in the register.

Employees should pay particular attention to the circumstances in which hospitality is offered; the provision of hospitality by an individual or organisation during a tendering process or where a contract is shortly to end, or where performance of the contract is in question, or in any other circumstances where acceptance might compromise the position of the employee or of the Academy, is not acceptable.

#### *Provision of Hospitality*

The provision of hospitality by employees of the Academy to representatives of other organisations should be modest and appropriate to the circumstances.

Provision of hospitality by the Academy to employees or others would not normally be appropriate except in the case of working lunches in the course of meetings or workshops.

The use of the Academy monies for hospitality and entertainment at conferences and seminars should be carefully considered. The Academy needs to be able to demonstrate good value in incurring public expenditure.

Note that where individuals have accepted hospitality from another organisation, for example, in order to fulfil a speaking engagement this should be of a value equivalent to that normally provided by the Academy and there is no further entitlement to claim expenses from the Academy.

Hospitality must be secondary to the purpose of any meeting and the level must be appropriate and in proportion to the event. The costs involved must not exceed the level which the recipients would normally adopt when paying for themselves at such an event or that which could be reciprocated by the Academy.

#### **Business – gifts**

##### *Acceptance of gifts*

Employees should not accept gifts which may be or be capable of, being construed as being able to influence a purchasing decision or cast doubt on the integrity of such decisions.

Personal gifts offered by parents and students to members of staff, for example, at holiday or end of term times, should be recorded on the Gifts and Hospitality Register if the estimated value is in excess of £20.

In certain instances, for example, where a class contribute collectively, gifts greater than a value of £20 up to a maximum value of £250 may be accepted, but must be recorded on the Gifts and Hospitality Register.

Where it is difficult to decide whether a gift should be accepted or not, advice should be sought from the Head teacher.

Commercial or corporate business gifts and donations made to the Academy other than items of very small intrinsic value should be reported separately to the Head teacher and added to the register.

Presents and donations to the Academy or a Department should be reported and added to the register. It is at the discretion of individual members of the Senior Leadership Team as to whether or not the gift may be kept by an individual.

All gifts or hospitality received valued at over £20 shall be acknowledged in writing and a copy of that acknowledgement shall be forwarded to and held on file by the Business Manager.

#### *Giving of gifts*

Charitable donations should not be given by any member of staff, on behalf of the Academy.

#### *Monetary gifts*

The acceptance or giving of cash is not acceptable in any circumstances.

### **Records of Hospitality and Gifts**

All gifts and hospitality must be recorded on the Gifts and Hospitality register. When in doubt, employees are advised to record any matters concerning gifts and hospitality which may be covered by this policy to ensure that an individual does not expose themselves to risk.

The information required for the hospitality and gifts register is set out below:

- date of entry
- name of recipient / provider
- job title
- nature and purpose of hospitality or gift received or provided
- the name of any other organisation involved
- estimated value

Submissions should be made as soon as is practically possible.

If employees have any doubt about whether an item should or should not be recorded they are advised to record it.

The Hospitality register will be reviewed annually by the Responsible Officer (as arranged by the LGB) and from time to time by the Finance Director. It will be available to the External Auditors.

### **Related Policies**

Reference should also be made to the Academy Anti-Fraud and Corruption (Appendix 8), Whistle-blowing, Acceptable Behaviour and Expenses Policies, all of which are available from the Academy.

### **PAYROLL**

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

### **Staff Appointments**

The LGB has approved a Pay Policy for the Academy. Changes can only be made with the express approval in the first instance of the Personnel portfolio group, who must ensure that adequate budgetary provision exists for any payroll changes.

The Head teacher has authority to appoint Academy staff with the exception of the Deputy Head teacher, whose appointment shall be made by a group of the LGB in consultation with the Head teacher. Appointments must be made in line with the Staff Appointments procedure. The Head teacher's PA will maintain personnel files for all members of staff including contracts of employment.

All personnel changes must be immediately notified to the Head teacher's PA and the Business Manager.

### **Payroll Administration**

Both payroll administration and salary payments are currently handled by a Payroll Provider on behalf of the Academy. The detailed terms are outlined in the annual Service Level Agreement.

The Business Manager is responsible for checking that payroll information is received by the Academy on a monthly basis to enable checks and reconciliation to take place.

The Business Manager or Head teacher's PA in the absence of the Business Manager is responsible for making sure the Childcare Vouchers are agreed and sent to the payroll compliance team for payment.

### **Payments**

All salary payments are made by the Payroll Provider in line with the arrangements outlined in the annual Service Level Agreement.

The Business Manager will undertake detailed checks of the calculation of gross pay on a monthly basis to ensure that the payroll system is operating correctly. The Business Manager and Head teacher's PA will carry out half termly checks of the staffing commitments and will check that the gross pay per the payroll system agrees to the contract of employment.

The Business Manager will maintain separate analysis of payroll costs against budget for monitor purposes and will investigate unexpected variances and report these to the Head teacher.

### **Related Policies**

Reference should also be made to the Academy Pay Policy, which is available from the Academy.

Authority to sign payroll forms – (Appendix 6)

## **PURCHASING**

### **General Principles**

It is the policy of the Academy to seek the best value for money from all purchases commitment, i.e. good and services of the requisite quality and quantity delivered on a timely basis at the best price possible.

It is the Academy's policy to ensure the best use of public monies at all times.

The Academy will ensure transparency in the purchase of goods and services and demonstrate that there is no corruption or private gain involved in the contractual relationships of the Academy.

The Academy will deal with all parties on a fair and equitable basis.

### **Routine Purchasing < £1,000**

Routine purchases up to £1,000 can be authorised by relevant Budget Holders (Appendix 5). In the first instance, a supplier should be from a list of suppliers maintained by the Finance Office. If the Budget Holder considers that better value for money can be obtained by ordering from a supplier not on this list, the reason for this decision must be discussed and agreed with the Business Manager.

Approved order requisitions must be submitted to the Finance Officer using an Order Requisition Form. All orders must then be made or confirmed in writing using an Academy official purchase order form created through the Finance System.

Purchase orders will have a unique reference number and will be dispatched by post or emailed to the supplier by the Finance Officer. Orders can be telephoned through to the suppliers, but an order number must be given at the time of ordering.

On delivery of the goods, a member of Academy staff should sign for receipt of the number of packages being delivered. The delivery docket should be signed 'unchecked'. Goods should be checked against the delivery note by the Budget Holder. A record of any discrepancies should be made and reported to the Finance Officer.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance office should be notified immediately.

When request for payment are received they will be stamped by the Finance Officer and given to the relevant Budget Holders for confirmation of receipt of the goods and that the invoice can be paid. Any delays in Budget Holders signing and returning the invoice may result in a late payment and the supplier putting the Academy account on hold.

The following checks are to be made before any invoices are processed for payment:

1. the invoice is arithmetically correct
2. the invoice is posted to the purchase ledger
3. goods or services are received
4. goods or services are those ordered
5. prices are correct
6. invoices are authorised for payment
7. VAT is treated correctly

1, 2 and 7 will be checked by the Finance Officer. The Budget Holder is expected to check for 3, 4, 5 and 6. In checking these, the Budget Holder must make a detailed check against the order and the delivery note, before it is authorised and sent back to the Finance Officer.

If a Budget Holder is pursuing a query with the supplier the Finance Officer must be informed of the query and periodically kept up to date with progress.

When the Budget Holder has returned the invoice for payment the Finance Officer will collate all invoices for payment within their payment terms. All invoices will be checked and approved for payment by the Finance Officer.

The payment and associated paperwork must be authorised by two of the nominated bank signatories (see agreed Scheme of Delegated Financial Authority, Appendix 1).

Payment will be made by cheque or BACS to suppliers by the Finance Officer who will maintain records in the appropriate files.

#### **Orders over £1,000 but less than £2,500**

Two oral quotations can be obtained for orders between £1,000 and £2,500. Annotated documents of conversations regarding prices must be kept and attached to the requisition.

#### **Orders over £2,500 but less than £10,000**

At least three written quotations should be obtained for all orders between £2,500 and £10,000 to identify the best source of the goods and services. Written details of quotations obtained should be prepared and retained by Budget Holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed / e-mailed confirmation of quotes has been received before a purchase decision is made. Printed evidence from the internet can also be used as a quotation.

#### **Orders over £10,000 but less than £50,000**

All goods/services ordered with a value over £10,000 up to £50,000, or for a series of contracts which in total exceed £10,000, should be subject to formal tendering procedures with three tenders.

#### **Orders over £50,000 and up to EU thresholds**

As above but with four tenders.

Purchases over £150,000 may fall under the EU procurement rules that require advertising in the Official Journal of the European Community. Such purchases will need to be overseen by the Business Manager.

### **Tendering Process**

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 Business Manager how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

#### *Restricted Tender*

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

- there is a need to maintain a balance between the contract value and administrative costs
- a large number of suppliers come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy'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 open tender 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

In the evaluation of tenders, full consideration should be given to:

- the objective of the 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 initial enquiry.

An invitation to tender should include all of the following:

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

The following aspects will be considered in the tendering process:

### *Financial*

- The quality of goods and services in the proposition should be considered along with the price, i.e. if a lower price means a reduced service or lower quality this should be factored into the decision making process
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- Scope for negotiation on price

### *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*

- After sales service
- Financial status of supplier

#### **Tender acceptance procedures**

The invitation to tender should state clearly the date and time by which the completed tender document should be received by the Academy.

Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening.

Tenders received after the submission deadline should not normally be accepted.

#### **Tender opening procedures**

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

- For contracts up to £50,000
  - i) Budget Holder, and
  - ii) Business Manager, Finance Director or the Head teacher
- For contracts over £50,000
  - i) Business Manager or Head teacher, and
  - ii) Finance Director

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

#### **Tendering procedures**

The evaluation process should involve at least two people. 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 (see policy on Gifts and Hospitality) from potential suppliers that could compromise or be seen to compromise their independence.

The decision and criteria should be recorded and be available for future reference.

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



## **SEGREGATION OF DUTIES**

### **Policy Statement**

The LGB and Academy staff must consider the principle of segregation of duties when designing and defining job duties. They must implement processes and control procedures that, to the extent feasible, segregate duties among employees and that include effective oversight of activities and transactions.

Maintaining segregation of duties is especially challenging for functions with small numbers of staff. When these functions cannot be separated, more reliance must be placed on administrative oversight. A detailed supervisory review of activities involving finances, inventory, and other assets is required as a compensating control activity.

### **General Principles**

The Academy and the DfE require that accounting transactions be authorised according to sound management practices. One of the most basic, yet most important principles of sound management is that of segregation of duties.

Segregation of duties is critical because it ensures separation of different functions and defines authority and responsibility over transactions. Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous and inappropriate actions.

The fundamental premise of segregated duties is that an individual should not be in a position to initiate, approve, and review the same action.

The performance of reconciliation and the asset (e.g. money, inventory) custody function should be separated among employees. These are called incompatible duties when performed by the same individual.

## **RESERVES POLICY**

Under Fund Accounting rules the Academy is able to hold two types of funds:

- Unrestricted Funds – which represent those resources which may be used towards meeting any charitable objects of the Academy at the discretion of the LGB.
- Restricted Funds – which comprise funds received from the ESFA, DfE and Devon County Council among other organisations which are applied for specific purposes including the normal running costs of the Academy.

The Academy needs to hold reserves for a number of reasons, examples of which are listed below:

- Contingency / Minimum Prudent Level of Reserves to deal with unforeseen events that cannot be contained within the annual approved budget
- A planned build-up of funds to pay for some major work, project or replacement programme.
- Funds held from one year to the next to manage variations in funding levels or specifically allocated grants for which carry forward is allowed
- Change management costs e.g. redundancy payments to staff

- Fixed asset funds which are applied to specific capital purposes which the asset acquired or created is held for a specific purpose

The LGB will ensure that within the Reserves Policy the Academy will carry forward no more than 12% of the current year's GAG.

It is the policy of the Academy to hold reserves to support future education purposed in line with the Improvement Plan and to help bridge any anticipated budget gap over the medium term.

## **TREASURY MANAGEMENT**

Treasury Management is defined as: -

- the management of the Academy's cash flows, banking and investment transactions,
- the management of the risks associated with these activities
- the pursuit of optimal returns consistent with those risks

The objectives of this policy are to ensure that the academy: -

- maintains sufficient cash balances in its current account to meet its day to day commitments
- invests surplus cash to earn an acceptable rate of return without undue risk
- consider spreading risk between differing types of investment and institutions to reduce credit risk

### **Responsibility**

The Directors, Head teacher and Local Governing Body have overall responsibility for the security and management of funds. The day to day management of the treasury function is controlled by the Business Manager. The Business Manager will liaise with the Directors, Head Teacher and Local Governing Body in relation to investment decisions. Advice and guidance will be taken at every stage from the academy's accountants.

### **Cash Flow Forecasts**

The Business Manager will prepare and present regular 12 months rolling cash flows to the Finance and audit Portfolio Group identify expected cash balances throughout the year for investment opportunities and to provide early warning of low cash balances.

### **Borrowing**

The Academy is not permitted to borrow without prior permission of the Secretary of State.

### **Investments**

The Academy will operate an interest bearing current account with a bank approved by the Directors and Local Governing Body (Lloyds) and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in term deposits with Lloyds. The Academy will not take out any long term investments until reliable cash flow pattern had been established. Any investments undertaken thereafter will be reviewed regularly with appropriate advice and guidance being taken.

### **Limits and Authority**

The Directors and Local Governing Body reserve the powers to:

- Give prior approval to the opening of new bank current accounts
- Amend the list of approved institutions with whom the Academy will invest
- Give prior approval to any bank deposit with a maturity date exceeding six months

The Governing Body delegates authority to the Business Manager to place deposits in the Academy's name, at approved institutions, subject to the agreed limits within this policy. No deposits will be placed without prior agreement of the Head teacher.

Authorised bank signatories of the Academy are set out in the Academy's Financial Policy.

### **Register of Deposits**

The Business Manager will maintain a register of all deposits/investments held which will record

- Institution with which deposit placed
- Date deposit placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of Interest

### **Monitoring, evaluation and review**

The Business Manager will present the Register of Deposits to the Directors and the Local Governing Body on an annual basis.

Periodically (at least annually) the Business Manager will review interest rates and compare these with investment opportunities through other institutions taking advice as appropriate from the academy's accountants.

## **INCOME SOURCES AND FUNDING REQUIREMENTS**

### **General Principles**

The Academy will ensure that all sources of income available are correctly reported and allocated in accordance with set guidelines.

Specific criteria are attached to each source of income, and roles and responsibilities around the allocation of resources are clearly defined.

The policy makes certain assumptions around donations and fundraising income in lieu of a fundraising group for the Academy.

### **Income Sources**

The main sources of income for the Academy are grants receivable from the ESFA, funding from DCC and investment income. The receipt of these funds is to be monitored directly by the Business Manager.

All cash and cheques received must be locked in a secure location as agreed by the Business Manager prior to banking.

Banking of all cash and cheques should take place weekly and the amount of cash held on site should not exceed the £3,000 estimate provided for insurance purposes.

Monies collected must be banked in their entirety in the appropriate bank account.

The Finance Officer is responsible for preparing reconciliations between the sums collected, deposited at the bank and posted to the Finance System, which must be reviewed and certified by the Business Manager.

### **Grant Income**

Grant income is defined as restricted funding due from the ESFA. Local Authority or other public funding designated for specific expenditure. For example, the General Annual Grant is receivable from the ESFA to fund the operational costs of the Academy, namely; staffing, premises, occupancy, supplies and services.

Complete records of all Grant Income and related expenditure must be maintained for auditing purposes.

The Business Manager is responsible for ensuring that all grants receivable by the Academy are collected on a timely basis, and that the reporting required in respect of the grant income receipts is produced.

Grant Income receivable should be included in cash flow forecasts for the Academy.

### **Donations and Sponsorship**

Donations are defined as amounts paid by companies or individuals to the Academy for the purpose of furthering objectives of the Academy

Donations and sponsorship may come with restrictions from the donor / sponsor and it is the responsibility of the Academy to ensure that the utilisation of funds is compliant with any conditions attached.

Donations made to the Academy are to be banked in the Academy Current (Main) Account and coded in the Finance System to enable clear identification.

The Business Manager is responsible for maintaining records of the donations and sponsorship received, including details of any conditions attached, for example, monies to be spent on specific areas, or specific branding requirements and for reporting donations and sponsorship to the Head teacher and Finance Director. The Business Manager will maintain a record of the use of funds.

The Finance Director will report to the Finance and audit portfolio group on the decisions taken in regard to the allocation of donations and sponsorship.

### **Fundraising**

Fundraising is defined as monies given in respect of a specific event held by the Academy, for the stated purpose of providing funds to support a particular project or initiative.

Fundraising monies should be ring-fenced from other charitable income for the stated purpose for which the monies were raised.

Complete records of the amount raised and utilised must be kept by the Business Manager for auditing purposes.

Monies collected through specific fundraising activities are to be banked in the Academy Current (Main) Account and coded in the Finance System to enable clear identification.

The Business Manager will be responsible for maintaining records of the monies collected, and monitoring use of these funds to ensure that they are allocated in accordance with the fundraiser's remit.

The Finance Director will report to the Finance and audit portfolio group on amounts raised and allocated.

## **CHARGING AND REMISSIONS POLICY**

The purpose of the policy is to ensure that there is clarity over those items which the academy will provide free of charge and for those items where there may be a charge. The policy (Appendix 11) has been informed by the LA policy and the DCSF guidance and complements the academy's finance policy.

## **INTERNAL FUNDING REQUESTS**

Budget holders are expected to manage and prioritise needs within the resources allocated to them. However there may be occasions when an important priority is identified and insufficient local Budget Holder resources are available. When this is the case a request for corporate funding can be submitted in a format to be determined by the Finance Director. An example format is attached. (Appendix 7)

Funding requests may also be presented by other leaders within the Academy who do not have existing budget management responsibilities.

The Academy Senior Leadership Team in conjunction with the Finance and audit portfolio group will review bids and allocate funding should **i)** this be identified as available on the advice of the Business Manager **ii)** it concludes that the bid represents an important enough priority to warrant additional funding that cannot be met from existing Budget Holder resources **iii)** it represents good value for money and **iv)** it does not result in on-going additional financial commitments that cannot be met by the Academy without LGB approval.

The Business Manager shall maintain a record of corporate funds available and their applied use which can be made available to the Academy Finance and audit portfolio group, Head teacher and Finance Director on request.

## **REVIEW OF THE FINANCE POLICY**

The Finance Policy will be reviewed at least every two years by the Finance and audit portfolio group.

## APPENDIX 1

### AGREED SCHEME OF DELEGATED FINANCIAL AUTHORITY

1	Approval of annual revenue and capital budget plans	L1	LGB on recommendation of Finance and audit portfolio group
2	Approval of property maintenance financial plan	L2	Delegated to Finance and audit portfolio group as part of considering detailed annual budget plans
3	Approval of budgeted staff establishment	L2	Delegated to Finance and audit portfolio group as part of considering detailed annual budget plans
4	Monitoring expenditure	L2	Monitor reports produced for the Head teacher by the Business Manager. Reports will be submitted to each Finance and audit portfolio group meeting.
5	Approval of charging and remissions policy	L2	LGB on recommendation of Finance and audit portfolio group
6	Budget virements of up to £5,000 (see note 3)	L3	Head teacher
	Budget virements over £5,000 (see note 3) cumulative up to £200,000 in any one year	L2	Delegated to and audit group
	Budget virements over £200,000 (see note 3)	L1	LGB on request from Finance and audit portfolio group
7	Approval of purchase orders up to £1,000	L4	Budget Holders
	Approval of purchase orders between £1,000 and £2,500	L3	To be agreed by Head teacher
	Approval of purchase orders between £2,500 and £50,000	L2	Delegated to Finance and audit portfolio group
	Approval of purchase orders above £50,000 (see notes 4 to 6)	L1	LGB approval

8	Disposal or write-off assets (see also note 7)  i) Land and Buildings ii) Vehicles and Equipment up to £5,000 (based on latest asset value) iii) Vehicles and Equipment up to £1,000 (based on latest asset value)	L2  L3	No delegations Delegated to Finance and audit portfolio group To be agreed by Head teacher in consultation with Finance Director
9	Write-off debts up to £5,000	L2	Delegated to Finance and audit portfolio group
10	Gifts, loans, donations or sponsorship up to £5,000	L3	Delegated to the Head teacher subject to a suitable register being maintained
11	Staff redundancy payments	L2	Delegated to Personnel portfolio group in consultation with the Director of Finance
12	Opening of bank accounts	L2	Delegated to Finance and audit portfolio group and reported to the LGB  Details of signatories and limits for authorising withdrawals to be set out in the Finance Policy (see note 8)
13	Approval of Accounting Policies	L1	LGB on recommendation of Finance and audit portfolio group
14	Approval of the Financial Accounts, to be incorporated within the Annual Report	L1	LGB on recommendation of Finance and audit portfolio group
15	Approval of the Statement of Internal Control	L1	LGB on recommendation of Finance and audit portfolio group
16	Approval of the Finance Policy including thresholds for miscellaneous delegations and delegations to Budget Holders with the Academy	L2	Delegated to Finance and audit portfolio group

## NOTES

1. Level 1 (L1 above) represents a LGB decision following production of paper with advice/ recommendations by the Head teacher or a member of the Senior Leadership team acting on their behalf and the Finance and audit portfolio group.

Level 2 (L2 above) represents a decision delegated to a portfolio group of the LGB following a production of a paper with advice / recommendations by the Head teacher or a member of the Senior Leadership team acting on their behalf.

Level 3 (L3 above) represents a decision delegated to the Head teacher

Level 4 (L4 above) represents a decision delegated to the Budget Holders

2. The thresholds set in the Scheme of Delegated Financial Authority above reflect single rather than cumulative transactions.
3. For delegation purposes a virement is defined as transfer of funding between revenue spending lines set out in the agreed budget or between individual projects and programmes within the agreed capital programme.
4. No commitments should be made without LGB approval which:
  - i) Cannot be funded wholly from in-year delegated budgets;
  - ii) Put the Academy's medium term financial position under unnecessary strain.
5. Procurement will be subject to the following thresholds:
  - i) Single quote up to the value of £1,000
  - ii) Two oral quotes up to the value of £2,500
  - iii) Three written quotes up to the value of £10,000
  - iv) Full tendering process with three tenders up to the value of £50,000
  - v) Full tendering process with four tenders up to the value of EU threshold

Decisions made that do not award to the lowest cost option will be recorded and details made accessible to the LGB on request.

6. Where there are existing legacy arrangements in place and it is necessary to secure on-going service provision as a matter of urgency, the Head teacher and / or the Finance Director will have the authority to by-pass the above procurement thresholds during the Academy' first year of existence only.
7. Disposal of assets where the Secretary of State originally contributed in excess of £20,000
8. grant, require Secretary of State consent.
9. Bank Account signatories are set out below:

Head teacher – Mrs Sharon Marshall	Unlimited so long as countersigned by one other signatory
Business Manager – Mrs Julie McCarthy	Unlimited so long as countersigned by one other signatory

Purchase order signatories are set out below:

Finance Officer – Mr Jon Whormsley	Unlimited so long as procurement thresholds are adhered to
Business Manager – Mrs Julie McCarthy	Unlimited so long as procurement thresholds are adhered to

BACS payment signatories are set out below:

Finance Officer – Mr Jon Whormsley	Approval and creation of BACS batch
Business Manager – Mrs Julie McCarthy	Approval of BACS batch. A single supplier with a value of up to £15,000



Head teacher – Mrs Sharon Marshall	Approval of BACS batch. A single supplier with a value over £15,000 needs two signatories approval
------------------------------------	----------------------------------------------------------------------------------------------------

## APPENDIX 2

### TRAVEL AND SUBSISTENCY POLICY

#### **General Statement**

This policy has been produced to explain when an employee may be able to claim various allowances, what they are able to claim, and how they could make a claim. It should also be referred to by management in making sure that claims are valid.

#### **Equal Opportunities**

The Ilfracombe Academy expects employees to adhere to this policy in line with the Academy's obligations under equality legislation. Managers must ensure that all reasonable adjustment or supportive measures are considered to allow equality of access and opportunity regardless of age, gender, ethnicity, sexual orientation, disability, faith or religion, gender identity, pregnancy or marital status.

#### **Introduction**

If an employee is not sure whether they will be able to make a claim in a particular situation, they should ask before they incur any expenses, as this may not be reimbursed. Clarity should be sought before a claim is submitted. It is very important that claims are not made outside the terms of this policy and guidance unless permission has been given specifically to deal with a particular situation.

#### **Subsistence**

Employees are entitled to claim a subsistence (meal) allowance if:

- their duties have prevented them from following normal meal arrangements
- they have had to incur additional expenditure as a consequence

In order to claim, an employee must have had to incur expenditure that was over and above that which they would normally have spent. If they normally have a packed lunch and also do so when away from base, then they cannot claim. Likewise, if they have lunch away from base but need to spend no more than they usually do, then again no claim can be made.

It is possible that subsistence allowances cannot be claimed simply because an employee is away from a base at a mealtime. The working arrangements of some employees involve being away from base for much of their working time. The 'normal meal arrangements' for such employees will involve those being taken away from their base, and possibly at locations that differ from day to day. Such employees may claim a subsistence allowance only when that normal arrangement is significantly disturbed and unusual additional expenditure is incurred.

Allowances are not paid if at the mealtime in question they are within 3 miles of their base, unless transport is unavailable or the nature of their work makes a return to base impossible.

For many employees, normal lunch arrangements may involve different expenditure from day to day, so there may be no precise sum against which a decision can be made whether additional expenditure has been incurred when away from base. However, the employee will know the amount that forms their normal level of expenditure and it should not be difficult to judge whether a meal taken away from base has cost more than they would otherwise have spent on that day.

It is right to point out that The Ilfracombe Academy expects that claims for allowances will only be made when additional expenditure is necessarily incurred. In other words, when away from base, employees are expected to take meals that are reasonably comparable to the meal they would otherwise have taken. In some situations this may not be possible but employees are expected not to incur greater expenditure on meals than reasonably necessary.

Expenditure on subsistence will normally only be reimbursed if receipts are submitted with the claim. However, there may be occasions where it is not possible to obtain a receipt that the employee gives a justifiable reason for not providing a receipt, local managers should adopt a reasonable approach in authorising the claim.

If both of the qualifying criteria above for claiming are met, then the claim can be made for the full cost of the meal (subject to the maximum subsistence allowance) not just for the additional expenditure that has been incurred.

There are separate allowances in respect of breakfast, lunch, tea and evening meal (dinner).

The locally agreed conditions for determining which allowance applies are as follows:

- Breakfast: payable only if the employee must leave home before 7.30 am
- Lunch: Payable only if the employee is necessarily absent from base between 12 noon and 2.30 pm
- Tea: Payable only when the employee is required to work after 6.30 pm
- Evening Meal: Payable only when the employee is required to work after 8.30 pm

An allowance can also be claimed by those staff that are above the salary limit for overtime purposes, and who are required to work outside of normal working hours at their place of employment. The times outlined above determine which allowance can be claimed, but those for tea and evening meal cannot both be claimed for the same evening.

If the employee is travelling by train and has no choice but to have a meal in a restaurant car, then the cost of that meal will be reimbursed, on production of a receipt.

### **Accommodation**

All overnight stays must be approved in advance by the appropriate authorised member of staff.

In some situations, particularly certain training courses, accommodation is provided as part of the package, in which case employees do not need to make any claim. In other cases, the employee will be reimbursed the actual cost of bed and breakfast incurred up to a maximum amount. As with subsistence, there are separate maximum amounts, one for normal business and another for staying in London, attending conferences.

If expenditure in excess of those maximums is unavoidable (e.g. no accommodation is available in the appropriate price range, or there is a requirement to stay at a particular hotel because an accessible room is required) then this can be reimbursed provided that prior clearance is obtained.

### **Out-of-pocket Expenses**

Employees must seek prior authorisation to claim any out-of-pocket expenses.

## **Travel**

### **General Principles**

- Employees should only make business journeys when they are absolutely necessary. Other options should always be considered before travel is undertaken which are more efficient and cost effective for example, email, telephone, video or telephone conferencing.
- Where a business journey is necessary, employees are expected to organise it in the shortest and most effective way.
- Employees whose post requires them to undertake business travel are responsible for their own travel arrangements and these must be carried out in the most effective and efficient way to perform the job. The Academy will support necessary business travel, including reimbursement of costs arising from the use of employees' own vehicles and the provision of other support.
- Environmentally friendly travel should be encouraged.
- Mileage payments will be made within Her Majesty's Revenue and Customs guidelines

### **Mileage Payments**

Employees who use their own car, van, motorcycle or cycle for official Academy work purposes are entitled to be reimbursed in accordance with Her Majesty's Customs and Revenue (HMRC) approved mileage rates.

Where a number of employees undertake the same or a similar journey, they should always travel together.

In addition to mileage rates, employees who take passengers in a car or van may claim a passenger mileage payment per passenger per mile. The passenger must be an employee of The Ilfracombe Academy or an employee of an organisation on the same Academy business. Where the passenger does not start or finish their journey at the same time as the driver, then the driver can only claim for the number of miles that the passenger was actually present in the vehicle.

The basic criteria for claiming official mileage is that this should be calculated from the employee's workplace and back again. Normal everyday home to school mileage is the employee's responsibility.

Where it is more beneficial for employees to travel direct from home to an outside appointment or vice versa, rather than call in the workplace first, they are only entitled to claim the number of miles over and above their normal home to work mileage. On this basis, all travel claims in any one day should

always exclude the employee's normal home to office miles regardless of the reason e.g. training course etc.

The only circumstance in which normal home to office mileage is payable is where a second journey from home to a place of work is made on the same day in order to carry out official duties. Where an employee agrees to work on a day they would not normally work, it is still their responsibility to get to and from work (including training courses). Therefore, no home to office mileage is payable.

### **Other conditions**

Where an employee is required to travel from their normal workplace to carry out their day to day role, travelling time is included within their normal working day. However, employees who are expected to travel to training courses can claim no more hours than their normal working day including travelling time. Where there are excessive demands placed on an employee, for example very long distances travelled which extends significantly over the working day and where such occurrences happen repeatedly over a short period of time, then management will have discretion, as a gesture of goodwill, to allow some time in lieu or overtime claimed as recompense.

### **Rail Travel**

If an employee requires a rail ticket for business purposes they must contact the Finance Office who can organise this for them. Prior booking must be made in order to obtain the best value rail fares. There is a maximum amount of £250 on a return journey to London.

Employees are expected to travel standard class, and take advantage of off peak or other reduced rates if the circumstances allow. First class travel may be used provided prior approval is obtained, if:

- accompanying someone else travelling first class
- the timing of a journey would make it impossible to work effectively e.g. peak holiday periods
- standard class accommodation is full

### **Parking Expenses**

Bus fares and car-parking charges incurred on Academy business may be reclaimed in full on production of a receipt.

No payments will be made for parking charges at the employee's normal place of work. The only exception relates to employees with a declared disability affecting mobility. In this situation, reasonable charges for car parking at, or as near as possible to, their usual place of work will be reimbursed where there are no free parking facilities available.

The Ilfracombe Academy will not reimburse in respect of parking and similar fines.

### **Authorisation**

Employees are advised to seek approval in advance for any unusual journeys where there is likely to be any doubt about the legitimacy of the journey or of the amount of mileage that can be claimed.

If employees choose to undertake journeys by car when it would be practical and / or cheaper to travel by train, then the employee's claim should be limited to the equivalent of the train fare.

## **Methods of Claiming**

Employees should complete the Travel, Subsistence and Expenses claim form available from the Finance Office attaching the relevant VAT receipts. Claims should be submitted to the Finance Office as soon as possible after the journey takes place in order for the claim to be processed in time for the following month's payroll. If an employee delays and then submits forms covering a substantial period they must expect a delay in processing and payment.

## **Insurance**

Employees who use their own vehicle for work should ensure they have the appropriate insurance in place and for employees using their own vehicle for travelling to meetings and training events etc. should also have 'business' insurance. A signed declaration should be given to the Business Manager (Appendix 9). The Academy holds emergency 'business' insurance for members of staff who are asked by the Head teacher to use their vehicle in an emergency situation.

Staff driving the academy mini bus should ensure that it is used in accordance with the employer's regulations and protocols.

### APPENDIX 3

#### EMPLOYEE BUSINESS TAVEL RATES EFFECTIVE APRIL 2013

The following rates apply to employees who are required to travel on the Ilfracombe Academy business from April 2103.

	Pence per mile
Car or Van Users	
First 10,000 miles	45p
After 10,000 miles	25p
Motorcycle Users	24p
Bicycles Users	20p
Passengers	1p

## APPENDIX 4

### EMPLOYEE SUBSISTENCE RATES EFFECTIVE APRIL 2013

All claims for subsistence must be supported by receipts for the appropriate amount. Where it is impossible to obtain a receipt, provided that a clear reason for this is given, discretion can be exercised by the authoring officer.

Meal Allowances	Standard Amount (£)	Special Amount (£)
Breakfast	6.76	7.99
Lunch	9.47	12.02
Tea	3.27	4.02
Evening Meal	13.50	16.08

Claims do not apply to the consumption of alcohol.

The standard subsistence amount is not taxed. The only exception to this is the Evening Meal amount which will be taxed when it is claimed by an employee required to work outside their normal working hours at their normal work place.

The special subsistence amounts only apply in respect of visits to London, to attend conferences or other exceptional duties and require prior approval by an authorised officer to apply the special amount. The difference between the standard and special allowance will be taxed unless receipts are obtained and a note is made on the claim form which states why the additional expenditure was incurred.

Additional special arrangements apply in respect of expenses incurred as a result of accompanying an elected member on official business.

#### **Accommodation**

The limits for overnight bed and breakfast accommodation are:

London	£98.78
Elsewhere	£70.95

This amount is not taxed.

## APPENDIX 5

### Budget Holders

Head of Mathematics  
Head of English  
Head of Science  
Head of Technology  
Head of PCRE  
Head of Languages  
Head of Careers  
Head of Art  
Head of Business  
Head of Physical Education  
Head of History  
Head of COPE  
Head of Sixth Form  
Head of Geography  
Head of Media  
Head of ICT  
Head of Photography  
Head of Travel & Tourism  
Head of Health & Social Care  
Outdoor Education  
Head of Drama  
Head of Music  
AV Technician – Resources/Printing  
Librarian  
SENCO  
Student Services Admin  
Administration Manager  
Exams Officer  
Head of Life Skills  
Head of Childcare  
Ski Trip Organiser  
Kitchen Manager – Catering related  
Development – Assistant Head teacher  
Rewards – Assistant Head teacher  
Interview/Wellbeing at Work – Head teachers PA  
Publicity  
Head of Years



## APPENDIX 6

### AUTHORITY TO SIGN PAYROLL FORMS

Travel Claims		Head teacher/Business Manager/Finance Officer Head teachers travel claims to be signed by a Director.
Additional Hours Claims	)	Paper based – Head teacher/Business Manager/ Finance Officer Electronic based – Finance Officer inputs onto payroll spreadsheet. Business Manager authorises.
Supply Claims	)	
Invigilator Claims	)	
Casual Engagement Claim	)	
New Starter		Head teacher. In absence of Head teacher Business Manager
Leavers		Head teacher. In absence of Head teacher Business Manager
Contract amendments		Head teacher. In absence of Head teacher Business Manager
Interview Expenses		Clerk to Governors/Company Secretary
Governor Expenses		Clerk to Governors/Company Secretary
Online Absence		Administrative Assistant/Head teachers PA
Pensions		Head teacher

## APPENDIX 7

### BID FOR ADDITIONAL FUNDING

A. Brief outline of funding request:	
B. Amount requested (£):	
C. Submitted by:	
D. Position – Academy Senior Leadership Team/ Head of Department / other	
E. Objectives of the proposed expenditure:	
F. Bids contribution to the Academy Improvement Plan and / or vision:	
G. Criteria that will be used for measuring the success of the additional funding:	
H. Have you reviewed your planned spending against existing budgets allocated to you? If so, what scope do you have to fund all or a proportion of this request yourself? (1)	
I. Are alternative means of	

funding available, e.g. sponsorship / bid:	
J. Date submitted: (2)	

**NOTES**

- (1) It is each budget holder's responsibility to ensure that bids are only submitted after first considering scope to self-fund from existing budgets. If assistance is required please discuss with the Business Manager.
- (2) Bids should be submitted by e-mail to Julie McCarthy, Business Manager at [jmccarthy@ifracombeacademy.org.uk](mailto:jmccarthy@ifracombeacademy.org.uk)

**For office completion only:**

Submitted to Senior Leadership Team on:	
Submitted to Finance Group on :	
Approved (Yes/No):	
Comments:	
Source of Funding (to be completed by the Director of Finance:	
Evaluation Period (3 months; 6 months; 12 months:	

## APPENDIX 8



### **Anti-fraud Policy to be read in conjunction with the School's Whistleblowing and Acceptable Behaviour Policy**

1. For the purpose of this policy statement fraud includes all irregularities which could normally be described as theft, deception, fraud, corruption, or impropriety. Fraud is always wrong. In any organisation, it countermands the management at every level and positive action is needed to prevent and discourage it. The prevention of fraud and the protection of the school is the responsibility of every member of staff.
2. Each discovered loss of arising from suspected theft or fraud shall be reported to the Head teacher at the earliest opportunity. The Acceptable Behaviour policy will provide guidance for gross misconduct.
3. In every case, reported suspicions will be passed to the Local Governing Body (LGB). The Chair of the LGB will decide on the subsequent course of action after consulting those that are informed.

When fraud is identified, action will be taken to:

- Clarify the situation
- Limit the damage
- Inform the police, if a criminal offence has been committed
- Seek reparation for losses incurred (Ex Gratia payment)
- Revise procedures to prevent any recurrence

#### **4. Reporting of suspected fraud**

Any suspicion of fraud should be reported to the Head teacher. If it is considered more appropriate (for example, if a member of the Senior Leadership Team is involved) the suspicions may be reported directly to the Chair of the LGB.

#### **5. After a suspicion is reported**

The Head teacher will make any initial enquiries considered necessary to clarify the situation. In every case and as soon as possible after these initial investigations, he or she will pass the

matter to the Chair of the LGB. Even if there is no evidence to support the allegation, the Head teacher must report the matter to the Chair of the LGB.

## **6. The Audit sub-committee**

The management of any investigation will be undertaken by an Audit sub-committee set up and controlled by the Personnel Portfolio Committee who will seek advice from the Head teacher.

They will:

- clarify the situation .
- determine who should carry out the investigation
- determine which outside agencies (police, auditors) should be involved
- assess the risk to the school
- determine to whom day to day management of the response should be given
- allocate responsibility for damage limitation action
- determine the course of action to recover losses
- determine the course of action to be taken against wrongdoers seeking HR advice
- evaluate the events which enabled the fraud to occur
- ensure preventative action is taken

APPENDIX 9



**EMPLOYEE DRIVER'S DOCUMENTATION SELF DECLARATION**

**Requirements for all Academy staff driving on school business in vehicles not provided by the Academy Insurance**

Employees are required to have cover for using their vehicles on school business. This must be noted on the Insurance Policy and include cover for work or business, for example 'in connection with work or business including carrying passengers'.

**The Vehicle**

The vehicle used must hold current tax, have a valid MOT certificate (where applicable) and be in a roadworthy condition. The vehicle must be suitable for its intended purpose.

**Drivers must:**

- Hold a full (not provisional) license that is valid for the type of vehicle being driven.
- Be fit to drive
- Inform their line manager of any change to their medical condition which may affect their ability to drive
- Immediately inform their line manager of any change to their licence (including penalty points and disqualification)

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**To be completed by Employee**

I have read and understood the above requirements and agree to comply with them; I undertake to inform my line manager of any change in my licence or medical condition which may affect my ability to drive safely and in compliance with the law.

I also undertake to inform my line manager of any change in circumstances which may affect my ability to drive safely and in compliance with the law.

Signed: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Name (print full name): \_\_\_\_\_

Please state the number of penalty points on your driving licence: \_\_\_\_\_

## APPENDIX 10

### THE ILFRACOMBE ACADEMY April 2015

#### ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements will be prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements will be prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by ESFA, applicable accounting standards and the Companies Act 2006.

##### 1.2 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

##### 1.3 INCOMING RESOURCES

All incoming resources will be included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants will be included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

#### **1.4 RESOURCES EXPENDED**

Expenditure will be recognised in the period in which a liability is incurred and will be classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they will be allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### **1.5 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### **1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line
Office equipment	-	10% straight line
Computer equipment	-	33% straight line

#### **1.7 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line



basis over the lease term.

## **1.8 TAXATION**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## **1.9 PENSIONS**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

APPENDIX 11

**THE ILFRACOMBE ACADEMY**



**CHARGING & REMISSIONS POLICY**

Policy Date: 2009  
Last updated: March 2016  
  
From DGS draft policies

**All school policies reflect the school values of:**

Hope  
Kindness  
Courage  
Integrity  
Trust  
Respect  
Responsibility

**Introduction**

The purpose of the policy is to ensure that there is clarity over those items which the academy will provide free of charge and for those items where there may be a charge.

The policy has been informed by the LA policy and the DCSF guidance and complements the academy's finance policy.

**Definition**

The school day is defined as: 8.50 am until 3.25 pm. The lunch break does not form part of the school day.

**Responsibilities**

The Head teacher will ensure that staff are familiar with and correctly apply the policy.  
The Governors will review the policy annually, in conjunction with the finance policy.

**Policy statement**

During the school day all activities that are a necessary part of the National Curriculum plus religious education will be provided. Some activities may incur a voluntary contribution. This contribution includes any materials, equipment and transport to take pupils between the school and the activity. It excludes charges made for teaching an individual pupil or groups of up to four pupils to play a musical instrument. Unless the teaching is an essential part of either the National Curriculum or a public examination syllabus being followed by the pupil(s), we will make a charge. (*See below*)

There will be no charge for any activity that is an essential part of the syllabus for an approved examination unless:

- the examination is on the set list, but the pupil was not prepared for it at this academy
- the examination is not on the set list but we arrange for the pupil to take it
- a pupil fails without good reason to complete the requirements of any public examination where the Local Governing Body or the LA originally paid or agreed to pay the entry fee.

Voluntary contributions may be sought for activities during the school day which entail additional costs. In these circumstances no pupil will be prevented from participating because his/her parents/carers cannot or will not make a contribution. If insufficient funds are available it may be necessary to curtail or cancel activities.

From time to time we may invite a non-school based organisation to arrange an activity during the school day. Such organisations may wish to charge parents, who may, if they wish, ask the Head teacher to agree to their child being absent for that period.

Payment will be sought from parents for damage or loss of academy property when this occurs deliberately or through negligence.

No charge will be made for books, materials or equipment provided in connection with the National Curriculum unless parents wish their child to purchase a product (eg Food Technology).

### **Optional activities outside of the school day**

We may charge for optional, extra activities provided outside of the school day. Such activities are not part of the National Curriculum or religious education nor are they part of an examination syllabus.

### **Minibus**

Charges associated with the academy mini-bus will cover only actual costs incurred, including depreciation; the service should not make a profit for the academy.

### **Calculating charges**

When charges are made for any activity, whether during or outside of the school day, they will be based on the actual costs incurred, divided by the total number of pupils participating. There will be no levy on those who can pay to support those who can't or won't. Support for cases of hardship will come through voluntary contributions, pupil premium and fundraising.

Parents who would qualify for support are those who are in receipt of eligible benefits ie:

- Income Support (IS)
- Employment and Support Allowance (income related)
- Child Tax Credit **without** Working Tax Credit with an annual taxable income (as assessed by HMR&C) of less than £16,190
- Income based Jobseeker's Allowance (IBJSA)
- Guaranteed Element of State Pension Credit
- Support under Part VI of the Immigration and Asylum Act 1999

All requests for support with charges will be considered by the academy.

The principles of best value will be applied when planning activities that incur costs to the academy and/or charges to parents.

### **Music Tuition**

In cases of hardship the academy will consider in their absolute discretion the remission of fees (either in full or in part) for those pupils who they consider will benefit from such tuition.

The Head teacher has the discretion to make any ultimate decision regarding this charging and remissions policy.

**Appendix 12**



**Claim for contribution to new glasses**

I can confirm that ..... requires new spectacles. These are a requirement for VDU use in their role at The Ilfracombe Academy

Signed: .....

Date: .....

Name of organisation: .....

Appendix 13

**THE ILFRACOMBE ACADEMY INDEMNITY FORM FOR MONIES TAKEN IN ADVANCE FOR SCHOOL TRIPS**

Trip Name	Date of trip	Amount taken £	Amount taken in words

**Please read the following carefully:**

I understand that I have personal responsibility for this financial advance and in line with Financial Regulations; I agree to provide accurate VAT receipts where possible.

If I am unable to provide receipts, I understand that I may be personally liable to repay the difference into the account from which this financial advance has been paid.

Staff Name: ..... Date: .....

Signature: ..... Cheque No: .....

Date Receipts Returned	Total Spent	Balance	Agreed by Finance


### POLICY HISTORY

Policy / Version Date	Summary of change	Contact	Implementation Date	Review Date
Nov 2013		J McCarthy	November 13	
Nov 14	Addition of Treasury Policy Addition to disposals section Addition of Fraud Policy	J McCarthy	November 14	November 15
Feb 15	Addition of Travel declaration	J McCarthy	February 15	
April 15	Addition of Accounting Policy	J McCarthy	April 15	
May 15	Addition of Charging & Remissions Policy	J McCarthy	May 15	
June 15	Addition of DSE optician reimbursement	J McCarthy	June 15	
Sept 15	Addition of line referring to payments made to students on receipts on bus tickets etc. P7	J McCarthy	Sept 15	
Sept 15	Addition of Indemnity form for monies taken in advance of school trips	J McCarthy	Sept 15	
Sept 15	Change of monthly statements from termly to monthly	J McCarthy	Sept 15	
March 16	Removal of Dance in App 5 Change of Finance Assistant	J McCarthy	March 16	
October 16	Change of Finance Assistant to Finance officer Change of Finance Portfolio Group to Finance and Audit Portfolio Group Removal of cash collection from G4S Addition of Petty Cash to include purchased identified as best value	J McCarthy	October 16	
December 16	Addition of travel rail fare amount	J McCarthy	December 16	
January 2017	Addition to Gifts & Hospitality re gift to a member of staff on leaving. AWP Bank Account	J McCarthy	January 2017	
January 2018	Addition of BACS payment requests (Page 6)	J McCarthy	January 2018	
March 2018	Amended budget holder list. EFA changed to ESFA Cheque signatory Purchasing section on orders over £1000	J McCarthy	March 2018	
May 18	DSE brought in line with H&S Policy	J McCarthy	May 18	