



**St Mary's Catholic
High School**

Policy No: PP5

**Finance Policy and
Procedures 2020/21**

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Workload Implications Considered



CONTENTS	Page No.
Introduction; Organisation; The Board of Trustees; The Finance and Audit Committee	1
The Headteacher/Accounting Officer; The Finance Team; The Responsible Officer	2
Other Staff; Register of Interests; Accounting System (HCSS)	3
System Access; Back-up Procedures; Transaction Processing; Reconciliations; Month End Procedures;	4
Financial Planning; School Development Plan; Annual Budget	5
Balancing the Budget; Finalising the Budget; Monitoring and Review	6
Payroll, Staff Appointments, Purchasing	7
Forms of Tender; Income; Cash Management	8
Petty Cash Accounts	9
Cash Flow Forecasts, Investments ; Fixed Assets	10
Security of Assets; Disposals; Loan of Assets;	11
Academy Detailed Procedures:	11
Section 1 Payroll	12
Section 2 Purchases	14
Section 3 Tenders	19
Section 4 Income	21
Section 5 Cash and Bank	26
Section 6 VAT	31
Section 7 Gifts	31
Section 8 Energy Management	31
Section 9 Seven Principles of Public Life (known as the Nolan Principles)	31

Gaudium et Spes

“Live, Love and Learn in the Light of Christ”

Introduction

The purpose of this policy is to ensure that St Mary's Catholic High School maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education and Education and Skills Funding Agency (ESFA) through the Academies Financial Handbook, 2020.

This policy expands on this financial regulation requirement and provides detailed information on St Mary's Catholic High School's accounting procedures and system manual which should be read by all staff involved with financial systems. This policy has been prepared in accordance with the seven principles of public life (known as the Nolan Principles) and which may be found on page 31.

Organisation

St Mary's Catholic High School has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees and staff. The financial reporting structure is illustrated below:

The Board of Trustees

The Board of Trustees has overall responsibility for the administration of St Mary's Catholic High School's finances. The main responsibilities of The Board of Trustees are prescribed in the Funding Agreement between St Mary's Catholic High School and the DfE. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to St Mary's Catholic High School's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Headteacher and appointment of the Chief Financial Officer, in conjunction with the Chair of Trustees;
- Keeping proper accounting records during the year which will be disclosed with reasonable accuracy and at any time to identify the financial position of St Mary's Catholic High School which is in accordance with the DfE guidelines.
- Maintains and operates an effective system of internal control to safeguard all the Finance & Audit Purposes delegated, granted or otherwise entrusted to St Mary's Catholic High School and ensure they are used cost effectively.

The Finance and Audit Committee

The Finance and Audit Committee is a committee of The Board of Trustees, which meets at least once a term but more frequent meetings take place if necessary.

The main responsibilities of The Finance and Audit Committee are detailed in written terms of reference which have been authorised by The Board of Trustees. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the latest DfE guidance issued to academies;
- authorising orders over £10,000 and up to £50,000 (not expenditure)
- authorising changes to St Mary's Catholic High School personnel establishment and;
- reviewing the reports of the Responsible Officer (Internal Reviewer) on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Trustees.

The Headteacher/Accounting Officer

Within the framework of St Mary's Catholic High School development plan as approved by The Board of Trustees, the Headteacher has overall executive responsibility for St Mary's Catholic High School's activities including financial activities. Much of the financial responsibility has been delegated to the Chief Financial Officer but the Headteacher still retains responsibility for (and in their absence a designated Deputy/Senior Assistant Headteacher):

- approving new staff appointments within the authorised establishment, except for any senior staff posts which The Board of Trustees have agreed should be approved by them;
- authorising orders up to £10,000 and expenditure up to £35,000 including VAT in conjunction with the Chief Financial Officer.
- signing cheques in conjunction with the Chief Financial Officer (or other authorised signatories if the Headteacher were not to be available).

Finance Team

The Finance Team work in close collaboration with the Chief Financial Officer through whom s/he is responsible to the Trustees. The Finance Team has direct access to the trustees via The Finance and Audit Committee via the Chief Financial Officer. The main responsibilities of the Finance Team are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- authorising orders up to £5,000 (not expenditure);
- the management of St Mary's Catholic High School financial position at a strategic and operational level within the framework for financial control determined by The Board of Trustees;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of St Mary's Catholic High School;
- the preparation of monthly management accounts;
- arrange the signing of cheques in conjunction with the Headteacher (or other authorised signatories if the Headteacher were not to be available);
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance;
- preparation of month end procedures.

The Responsible Officer

The Responsible Officer (RO) is appointed by The Board of Trustees and provides Trustees with an independent oversight of St Mary's Catholic High School's financial affairs. The main duties of the RO are to provide The Board of Trustees with independent assurance that:

- the financial responsibilities of The Board of Trustees are being properly discharged;
- Finance and Audit are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

The Responsible Officer 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 Board of Trustees. A report of the findings from each visit will be presented to The Finance and Audit Committee. Detailed guidance on the transactions to be checked by the RO is given in Appendix A of the DfE Guidance.

Other Staff

Other members of staff, primarily the Chief Financial Officer, Leadership Group and other budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of Finance and General Purposes and for conformity with the requirements of St Mary's Catholic High School's financial procedures.

Register of Interests

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

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with St Mary's Catholic High School. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a trustee 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 trustees and staff to declare interests whenever they are relevant to matters being discussed by The Board of Trustees or a committee. Where an interest has been declared, trustees and staff should not attend that part of any committee or other meeting.

Accounting System (The Access Group)

All the financial transactions of St Mary's Catholic High School must be recorded through Access and it is operated by the Finance Team and consists of:



System Access

Access to Access Accounting is password restricted and the Master User (Director of Business & Finance) is responsible for implementing a system which ensures that users are given the appropriate level of access for their role.

Access to the component parts of Access Accounting can also be restricted and the Director of Business and Finance is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

Access Accounting a web-hosted Accounting system. The back-up procedures are in accordance with the SLA between the school and Access Education (part of the Access Group).

A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system extracted from the system.

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the purchase ledger and the sales ledger are included in the following sections of the manual.

All journal entries must be supported by relevant documents and authorised by the Headteacher or Director of Business & Finance prior to being input to the accounting system.

Bank transactions should be input by a member of the Finance Team and the input should be checked, and signed to evidence this check, by the Headteacher/Director of Business and Finance.

Detailed information on the operation of Access can be found in the user manuals held by The Chief Financial Officer.

Reconciliations

The Finance Team are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.

Any unusual or long outstanding reconciling items must be dealt with by the Finance Team. The Chief Financial Officer will review and sign all reconciliations as evidence of their review.

Month End Procedures

The **Chief Financial Officer** is responsible for ensuring the month end checklist is completed and reviewed by the Responsible Officer. The month end checklist includes all of the reconciliations and monthly income and expenditure results. The Finance and Audit Committee of the Governing Board should evidence that this process is being carried out.

Financial Planning

St Mary's Catholic High School prepares both medium term and short-term financial plans. The medium term financial plan is prepared as part of the development planning process. The development plan indicates how St Mary's Catholic High School's educational and other objectives are going to be achieved within the expected level of Finance and General Purposes over the next four years.

The School Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected Finance and General Purposes available to St Mary's Catholic High School and the planned use of those Finance and General Purposes for the following year.

The development planning process and the budgetary process are described in more detail below.

School Development Plan

The School Development Plan is concerned with the future aims and objectives of St Mary's Catholic High School and how they are to be achieved; that includes matching St Mary's Catholic High School's objectives and targets to the Finance and General Purposes expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the School Development Plan are matters for St Mary's Catholic High School to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the Headteacher will propose a planning cycle and timetable to The Board of Trustees which allows for:

- A review of past activities, aims and objectives - "did we get it right?"
- Definition or redefinition of aims and objectives – "are the aims still relevant?"
- Development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
- Feedback into the next planning cycle – "what worked successfully and how can we improve?"

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher.

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the Leadership Group on a quarterly basis. The Leadership Group will report to The Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher; the Finance and Audit Committee; and The Board of Trustees.

The approved budget must be submitted to the DfE by 31 July each year and the Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the Finance and General Purposes available to St Mary's Catholic High School for the forthcoming year and will detail how those Finance and General Purposes are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of Finance and General Purposes.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of students to estimate the amount of DfE grant receivable;
- review of other income sources available to St Mary's Catholic High School to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of St Mary's Catholic High School cost base;
- identification of potential efficiency savings; and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

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 cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Financial Officer for approval by the Headteacher; the Finance and Audit Committee; and The Board of Trustees. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities which are in accordance with the School Development Plan. If circumstances change it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

Monthly reports will be prepared by the Finance Team. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Finance and Audit Committee. Any potential overspend against the budget must in the first instance be discussed with the Chief Financial Officer. The accounting system will not allow payments to be made against an overspent budget without the approval of the Chief Financial Officer.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised by The Finance and Audit Committee and reported to The Board of Trustees.

Payroll

The main elements of the payroll system are:

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

Staff Appointments

The Board of Trustees has approved a personnel establishment for St Mary's Catholic High School. Changes can only be made to this establishment with the express approval in the first instance of The Finance and Audit Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Leadership Group whose appointments must follow consultation with the Trustees for their involvement.

The HR and Payroll Officer maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Chief Financial Officer immediately. Annual salary statements are kept for all employees.

The Payroll function is currently outsourced to a payroll provider (Derbyshire County Council). They provide a detailed summary for a journal to be raised.

See Payroll procedures **Section 1**

Annual salary statements are kept for all employees.

Purchasing

St Mary's Catholic High School seeks to achieve the best value for money from all its purchases. This means they aim to get what they need in the correct quality, quantity, and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

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

See purchasing procedures **Section 2**.

Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Financial Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply St Mary's Catholic High School's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - Additional deliveries by the existing supplier are justified.

See Tendering procedures on **Section 3**

Income

The main sources of income for St Mary's Catholic High School are the grants from the DfE. The receipt of these sums is monitored directly by the Finance Team who are responsible for ensuring that all grants due to St Mary's Catholic High School are collected.

St Mary's Catholic High School also obtains income from:

- students, mainly for trips;
- the public, mainly for lettings and fundraising; and
- sales of uniform and stationery

See Income procedures on **Section 4**

Cash Management

Bank Accounts

The opening of all accounts must be authorised by The Board of Trustees who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

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

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

Payments and Withdrawals

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- Headteacher
- Chair of Finance and Audit Committee
- Designated Deputy Headteacher/Senior Assistant Headteacher
- Director of Business & Finance

This provision applies to all accounts, public or private, operated by or on behalf of The Board of Trustees of St Mary's Catholic High School.

Authorised signatories must not sign a cheque relating to reimbursed expenses for which they are claiming.

Administration

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

- all bank accounts are reconciled to St Mary's Catholic High School's cash book;
- reconciliations are prepared by the Finance Team;
- reconciliations are subject to an independent monthly review carried out by the Chief Financial Officer or in their absence the Responsible Officer (RO); and
- adjustments arising are dealt with promptly.

Petty Cash Accounts

St Mary's Catholic High School maintains maximum cash balance of £250.00. The cash is administered by the Finance Team and is kept in the office safe.

Individual payments are limited to £20.00, however the Finance Team may authorise payments above £20.00 if required.

Deposits

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Payments and Withdrawals

In the interests of security, petty cash payments will be limited to £20.00. Higher value payments should be made by cheque directly from the main bank account as a cash book payment. Staff expenses including travel and hotel accommodation will only be reimbursed via BACS or cheque.

Administration

The Finance Team are responsible for entering all transactions into the petty cash records on a regular basis. The Chief Financial Officer will undertake unannounced cash checks to ensure that the cash balance reconciles to supporting documentation.

Physical Security

Petty cash should be held in a locked cash box which is put in the safe overnight.

Cash Flow Forecasts

The Finance Team are responsible for preparing cash flow forecasts when required to in order to ensure that St Mary's Catholic High School has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.

Investments

Investments must be made only in accordance with written procedures approved by The Board of Trustees.

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

See Cash and Bank procedures on **Section 5**

Fixed Assets

Asset Register

All items purchased with a value over St Mary's Catholic High School's capitalisation limit must be entered in an asset register for all items valued at £1,000 or over.

The asset register will include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and St Mary's Catholic High School's financial system; and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores. All the items in the register should be permanently and visibly marked as St Mary's Catholic High School'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 Board of Trustees. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by St Mary's Catholic High School 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 Chief Financial Officer and, where significant, should be sold following competitive tender. St Mary's Catholic High School must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

St Mary's Catholic High School is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then St Mary's Catholic High School must repay to the DfE a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

Items of academy property must not be removed from academy premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in to St Mary's Catholic High School when it is returned.

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

Academy Detailed Procedures

Section 1: PAYROLL

Section 2: PURCHASING

Section 3: TENDERS

Section 4: INCOME

Section 5: CASH & BANK

Section 6: VAT

Section 7: GIFTS

Section 8: ENERGY MANAGEMENT

1. Payroll

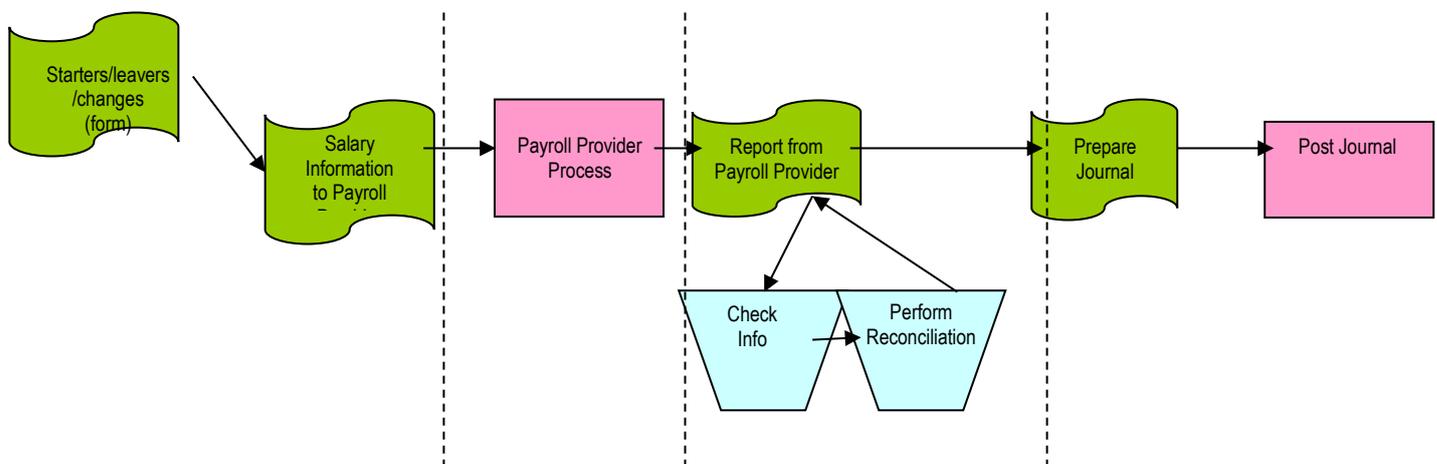
Introduction

Currently the payroll function for St Mary’s Catholic High School is outsourced to a payroll provider, Derbyshire County Council.

Therefore, St Mary’s Catholic High School needs to ensure that information is provided to the payroll provider on time and that sufficient details are given.

Once the payroll provider has processed the salaries for St Mary’s Catholic High School it is important that adequate checks are carried out.

Payroll Process



Step	Description	Requirements/Tasks	Who?
Prepare Information			
1	Starter and Leavers	<p>For each new Employee a manual form must be sent to the HR & Payroll Officer who will then send onto the Payroll Provider. The form must give full details of the starter including pay grade, commencement date etc... and must have been authorised by the Chief Financial Officer. A copy should be retained in their Personnel file.</p> <p>If there are any leavers in the month, the Payroll Provider must be notified and the date of exit confirmed. A copy should be retained in the Personnel file.</p> <p>If there are any changes to contracts in the month the Payroll Provider must be notified and the date of exit confirmed. A copy should be retained in the Personnel file.</p>	HR & Payroll Officer

2	Information prepared	Once the Payroll Provider has been notified of all new starters and leavers, an information pack can be prepared. This should contain any additional information that affects the payroll, (ie) Pay increases, deductions etc. This can then be sent to the Payroll Provider for the monthly processing.	HR & Payroll Officer
Payroll Provider Process			
3	Salary Processing	Once the payroll provider has received all the relevant information from St Mary's Catholic High School they will process the salaries for each employee.	Payroll provider (Outsourced)
Checking of Information			
4	Payroll Provider Reports	Once the payroll provider has processed the salaries they will send a report back to St Mary's Catholic High School. This report needs to be checked to ensure that all starters and leavers have been accounted for correctly and that there have been no omissions. Gross pay will be checked on a monthly basis for all employees.	HR & Payroll Officer & Chief Financial Officer (final authorisation by Headteacher)
Updating Accounts System			
5	Preparing Journal	A journal can be prepared ensuring that all staff are coded to their correct cost centres and that PAYE/NI contributions are accounted for correctly on the system.	HR & Payroll Officer
6	Posting of Journal	The Journal can now be posted onto the system and information filed accordingly.	HR & Payroll Officer
7	Third Party Payments	Payroll provide a copy of the BACS file for the third party Payment to be made no later than the 5 th monthly. Finance Team to agree amounts before processing.	Payroll Provider/ HR & Payroll Officer

Overtime Payments and Time Off in Lieu

Requests for any overtime payments must be agreed in advance by the Headteacher before such work is undertaken.

Following the employee undertaking the approved overtime work, they will be requested to complete a payroll timesheet by the Finance Team who will seek this to be authorised by the Headteacher.

Where 'TIME OFF IN LIEU' is agreed rather than payment for overtime (again, needs to be agreed in advance), the Leave of Absence Form requires to be authorised by the Headteacher prior to TOIL being taken.

2 Purchases

Introduction

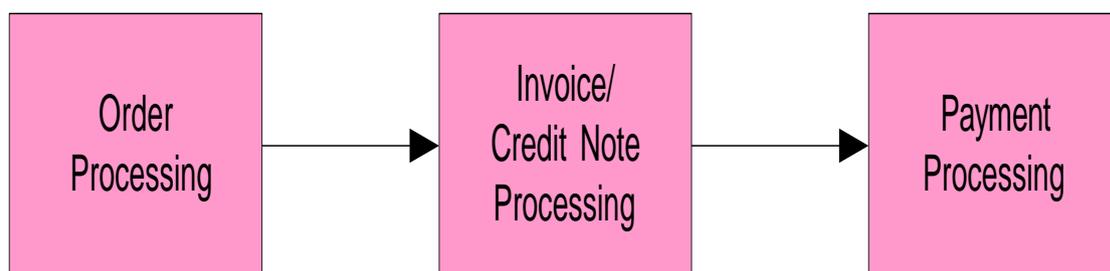
This section outlines the procedures required to process an order for the supply of goods and services.

The Budget Holders will be informed of the budget available to them for the academic year. It is the responsibility of the budget holder to manage the budget and ensure that the funds available are not overspent.

Each budget holder has access to their departmental budgets via the Access Accounting System. They are encouraged to check this against their departmental purchases.

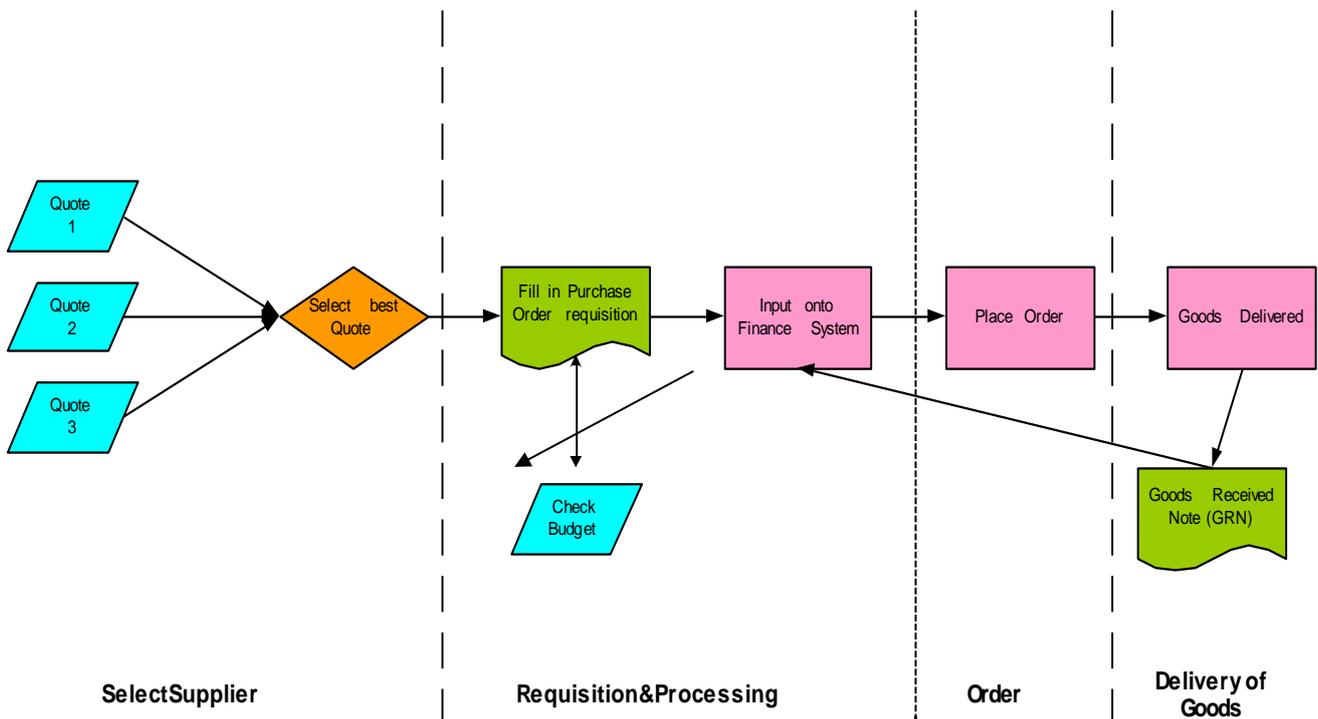
Overview of Processes

There are 3 main processes involved in purchasing, which are outlined in the below diagram:



Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

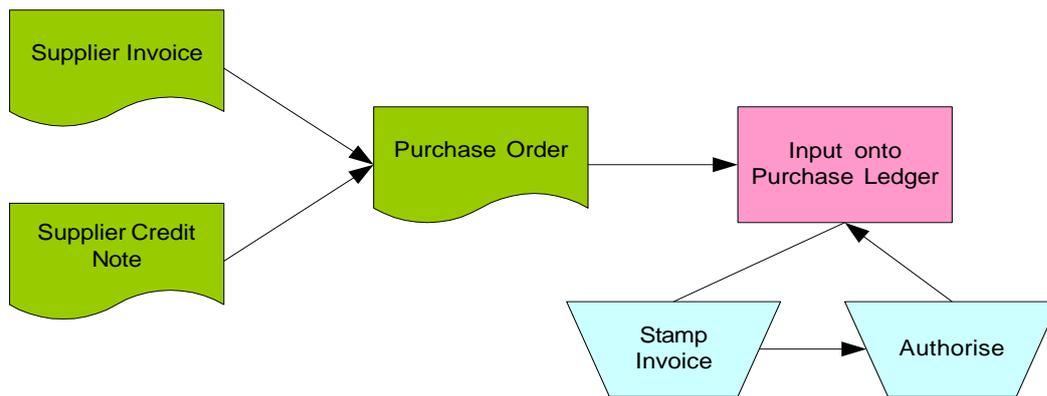
Ordering Process



Step	Description	Requirements/Tasks	Who?
Select Supplier			
1a)	Orders below £2,000	Must compare catalogue prices and select the 'best value' product before completion of an order form. Orders to be processed in accordance with Academy's procedures	Budget Holder/Finance Team
1b)	Orders over £2,000 but less than £10,000 inc VAT	3 written quotations must be obtained to identify the best source of the goods/services when appropriate. These details should be retained by the budget holder. Telephone quotes are acceptable if followed by a faxed/emailed confirmation.	In conjunction with Headteacher & Chief Financial Officer
1c)	Orders over £10,000 but up to £50,000 inc VAT	As above but 3 quotations must be obtained and authorised prior to proceeding.	Finance & Audit Committee
1d)	Orders over £50,000	Formal tendering Process to apply see Section 3.	Full Trustees

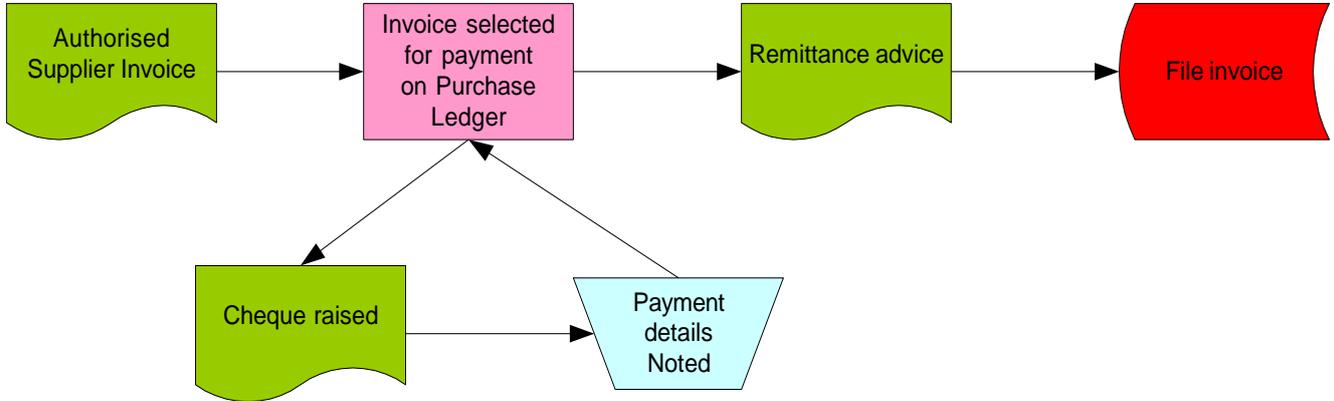
Requisition & Processing			
2	Purchase Order Form	Once the supplier has been selected the purchase order form needs to be completed.	Budget Holder
3	Entering onto Finance system	<p>Once the order has been duly authorised the order can be entered onto the accounting system. The Finance Team will code the items to the relevant cost centres and nominal codes.</p> <p>Ensure the correct supplier has been selected and include any relevant information required.</p> <p>Access will only allow orders to be placed when funds are available.</p>	<p>Finance Team</p> <p>Finance Team</p>
4	Budget Availability	The Finance Team will then authorise the electronic purchase order form.	Finance Team
Order			
5	Placing the order	The order can then be placed with the supplier by telephone or faxing/emailing the purchase order to them. All authorised orders will be filed sequentially.	Finance Team
Goods Received			
6	Delivery	When the order is delivered goods must be checked to the Good's Received Note (GRN). Goods should also be checked for quality and any sub-standard items must be returned and noted on the GRN.	Finance Team/ Budget Holder
7	Purchase Order checked to Goods received note	The purchase order on the system is then checked to the GRN and any discrepancies noted on the suppliers account. The GRN is then filed with the relevant Invoice.	Finance Team/ Budget Holder

Invoice Processing



Step	Description	Requirements/Tasks	Who?
1	Invoice received	All invoices must be sent to the Finance Team. When the invoice is received it is stamped and passed to the relevant member of staff who placed the order for confirmation of receipt and authorisation to pay. Discrepancies must be discussed with the Finance Team. The invoice must be returned promptly to the Finance Team to prepare payment.	Finance Team/ Budget Holder
2	Referenced	The invoice can then be referenced to a nominal code.	Finance Team
3	Inputting on to the system	Once the invoice has been matched to the PO it can then be entered onto the purchase ledger system using the invoice function. Ensuring that the correct supplier has been selected and that sufficient information is entered. (ie) Invoice number, date of invoice etc	Finance Team
4		The invoice is now ready for payment and should be filed in the invoice file with the purchase order.	Finance Team
	CREDIT NOTES	<p>If a credit note is received check it against the supplier account and ensure you can tie it back to the original order.</p> <p>Input the credit note onto the system using the credit note function on the Sales Ledger.</p> <p>Check whether the invoice has been paid or if it is pending the receipt of the credit note.</p> <p>If the invoice has been paid ensure that the credit note is taken off the next payment to the supplier. Or request a refund from the supplier.</p> <p>If the invoice has not been paid, when processing for payment ensure that the payment amount is the original invoice less credit note.</p> <p>Credit notes issued but not used against a payment should also be filed with the original purchase invoice.</p>	Finance Team

Payment of Invoice



Step	Description	Requirements/Tasks	Who?
1	Authorised Invoice	Check that the PO has been authorised by the relevant budget holder and countersigned by the Chief Financial Officer or Headteacher in line with the relevant levels of authority.	Finance Team
2	Processing	Select the invoices for payment on the purchase ledger system. Ensure that all credit notes relating to the suppliers have been deducted where possible.	Finance Team
3	Cheque Run	Once selected you can now print Cheque or BACS Run including remittance advices. Also print the cheque run report at this time if appropriate.	Finance Team
4	Authorising	Once the BACS/cheque payments have been raised, the invoices/payments can then be authorised by 2 of the signatories. (Payment is not confirmed until the Headteacher/Director of Business & Finance further authorises the invoice to be paid at this point of the process).	Finance Team/ Headteacher etc
5	Filing	File BACS/cheque run report in date order in file.	Finance Team

3 Preparation for Tender

Full consideration should be given to:

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

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

Invitation to Tender

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

An invitation to tender should include the following:

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

Aspects to Consider

Financial

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

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

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

Tender Acceptance Procedures

- The invitation to tender should state the date and time by which the completed tender document should be received by St Mary's Catholic High School.
- 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 £20,000 - two of, the budget holder, the Chief Financial Officer or the Headteacher;
- For contracts over £20,000 – The Chief Financial Officer and the Headteacher and a member of The Finance & Audit Committee.

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 from potential suppliers that could compromise or be seen to compromise their independence.
- Full records should be kept of all criteria used for evaluation and for contracts over £20,000 a report should be prepared for the Finance and Audit Committee highlighting the relevant issues and recommending a decision.
- For contracts under £20,000 the decision and criteria should be reported to The Finance and Audit Committee.
- Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.
- The accepted tender should be the one that is economically most advantageous to St Mary's Catholic High School, after taking into account all relevant factors. All parties should then be informed of the decision.
- For the accepted tender, references will be sought on their financial, competence/ability to fulfil the contract.

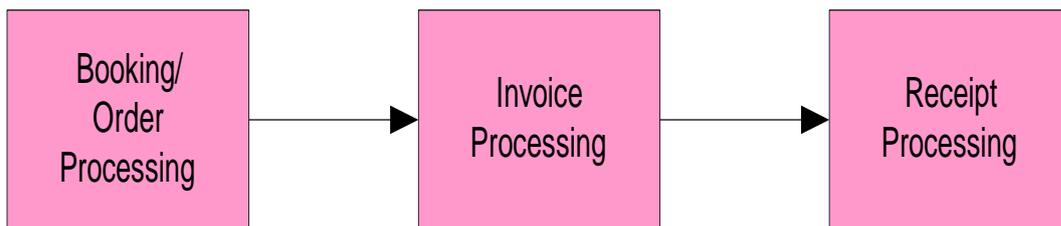
4 Income

Introduction

This section outlines the procedures required to process a Sales Order for the supply of goods and services. Income received for Catering and Academy Trips should be paid via ParentPay. The Catering Manager and Trip organiser are responsible for ensuring that all monies are collected and for any administration this requires. The Catering Manager and Trip organisers do not collect monies but should liaise with the Finance Team so that they can chase up any students who still need to pay.

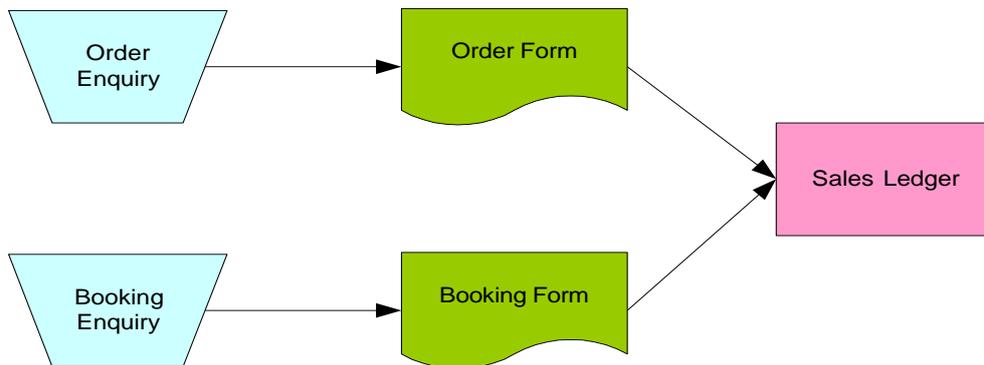
Income Process

There are 3 main processes involved for Income, which are outlined in the diagram below:



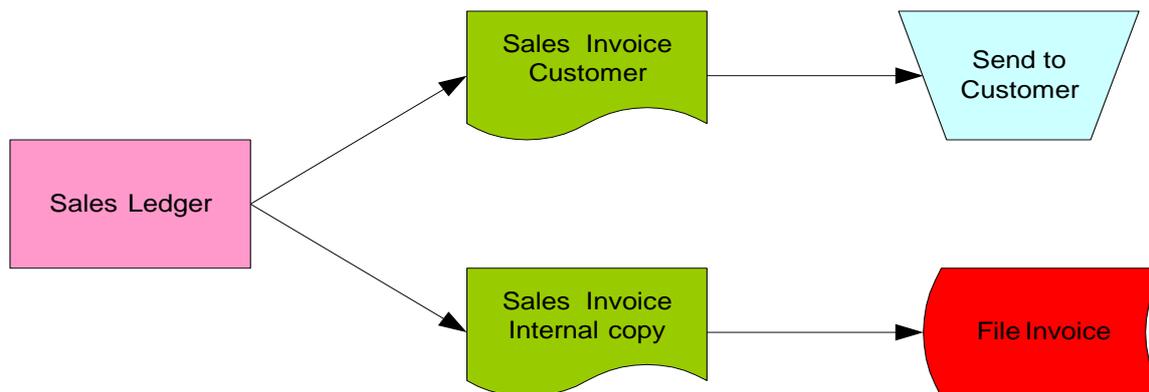
Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

Booking / Order Processing



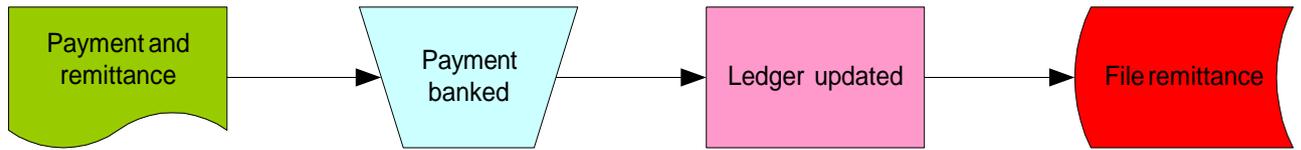
Step	Description	Requirements/Tasks	Who?
Enquiry			
1	Customer Enquiry	<p>When a potential customer enquiries about hiring St Mary's Catholic High School's facilities or purchasing stationery, school uniform etc.</p> <p>The customer must be given clear and precise information on the cost, availability and any special requirements. (ie) Insurance needs. All facilities being hired should be via St Mary's Catholic High School.</p>	Premises Manager
Processing			
2	Entering forms onto the system	The orders can now be entered onto the system ensuring they are coded to the correct income centres and nominal codes.	Finance Team

Invoice Processing



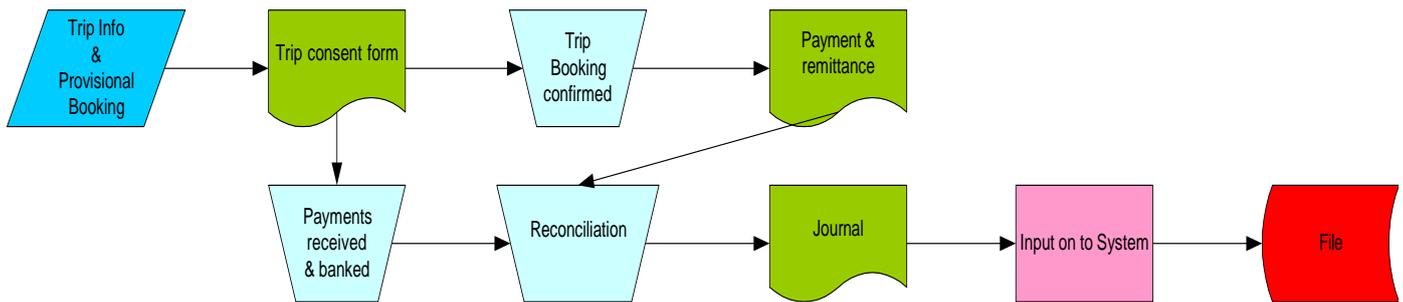
Step	Description	Requirements/Tasks	Who?
Sales Invoice			
1	Create Invoice	Once the Booking/order forms have been entered onto the system you can now raise an invoice. Ensure that the customer account has been set up and that no VAT element is charged (unless St Mary's Catholic High School has subsequently registered for VAT)	Finance Team
2	Print invoice	Print 2 copies of the invoice, one for the customer and one for internal purposes.	Finance Team
3	Send Invoice	Send invoice to customer and file internal copy in numerical order	Finance Team
4	VAT note	Whilst St Mary's Catholic High School is not registered for VAT it is important to keep a register of all sales that would normally incur VAT. This will ensure that you register in time should your sales increase to above £85k. (see VAT Section 6)	Finance Team

Receipt Processing and Chasing of Debts



Step	Description	Requirements/Tasks	Who?
Payment			
1	Payment Received	The customer should then send a payment via cheque or cash or BACS along with a remittance advice detailing which invoices they are paying. (Some may just send back copies of the sales invoices)	Finance Team
2	Banking/Cash cheques	The payment should then be banked with clear details entered in the paying book, including customer, invoice, and amount. A receipt will be issued.	Finance Team
3	Update ledger	The ledger can now be updated to show that payment has been received. It is a good idea to enter the paying book reference in case any queries arise later on.	Finance Team
4	Chasing of Debts	Aged Debtor report run monthly. Debts older than 30 days chased.	Finance Team

Academy Trips Income



Step	Description	Requirements/Tasks	Who?
Academy Trip			
1	Gathering of information and provisional booking	The organiser should gather information regarding the proposed trip including costs, availability etc. They should then consult with the Headteacher for authorisation that the trip can take place.	Trip Organiser
2	Confirmation of booking	An evolve form is sent with details of the trip to confirm that the trip can go ahead with a copy filed with the PA. Relevant bookings can then be made.	EVC/Trip Organiser
3	Consent Form	A consent form will then need to be sent to the parents of each student detailing the itinerary of the trip and the total cost.	EVC/Trip Organiser
4	Receipt of Monies	The students should then make payment via ParentPay.	Finance Team
5	Confirm Booking	Once the required number of students has confirmed their attendance, the Trip booking should be confirmed with all parties involved. (ie) Coach Hirer's, Venue etc.	Trip Organiser
6	Payment Request	A purchase order should then be raised for each element of the trip. These should be countersigned by the Budget Holder.	Trip Organiser/ Finance Team
7	Payment	Cheques can be issued to the suppliers and authorised accordingly.	Finance Team
8	Reconciliation	Once all payments have been received from the students a reconciliation can be performed between the income and expenditure. If there is a surplus/deficit on the trip, a detailed explanation should be given.	Trip Organiser/ Finance Team
9	Journal	A journal should then be prepared showing the income, expenditure and any surplus/deficit. Ensuring that correct nominal codes are stated along with any relevant cost centres etc.	Finance Team
10	Filed	A copy of the journal and reconciliation can then be filed.	Finance Team

5. Cash and Bank

Introduction

This section outlines the procedures required to process receipts and payments from the Bank and/or Petty Cash.

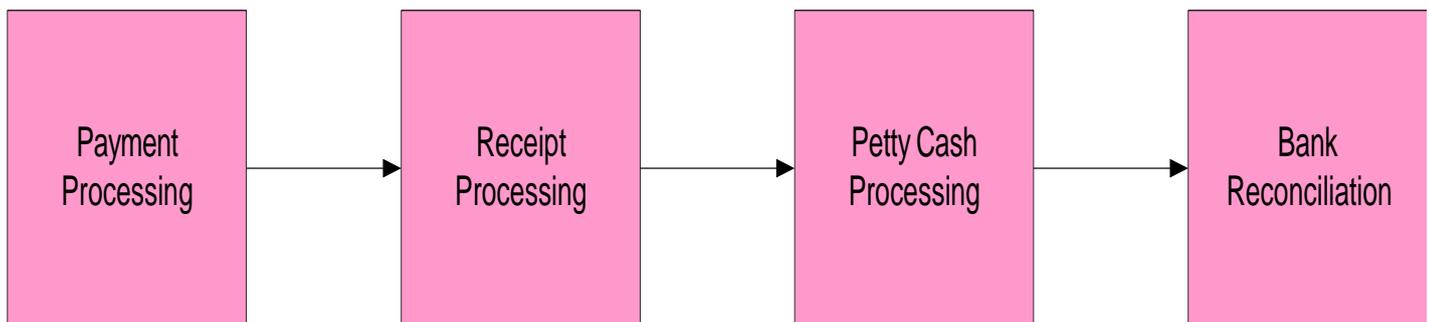
The Finance Team are responsible for ensuring all monies are banked on a regular basis and that no cash above the insured limit is kept in the safe.

Bank reconciliations should be carried out at least monthly, with any discrepancies or queries being followed up immediately.

Any transfers between accounts should be entered onto the system using the transfer function or by a journal.

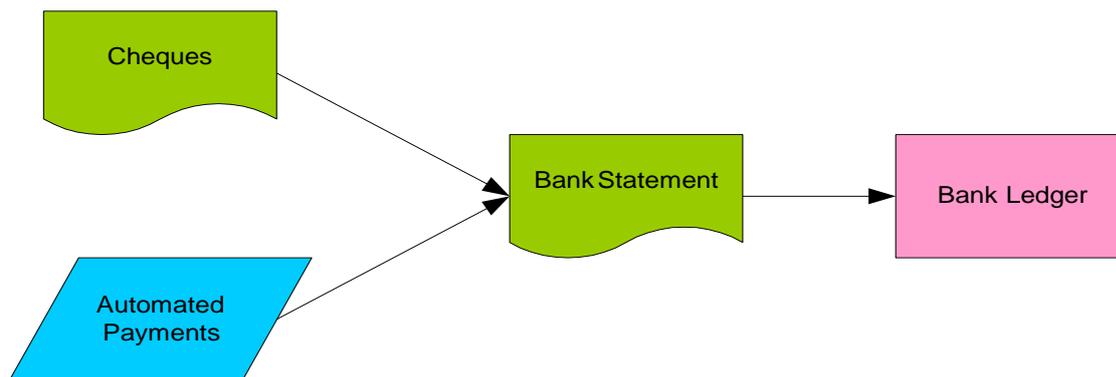
Bank/Cash Processes

There are 4 main processes involved in the Bank/Cash section, which are outlined in the diagram below:



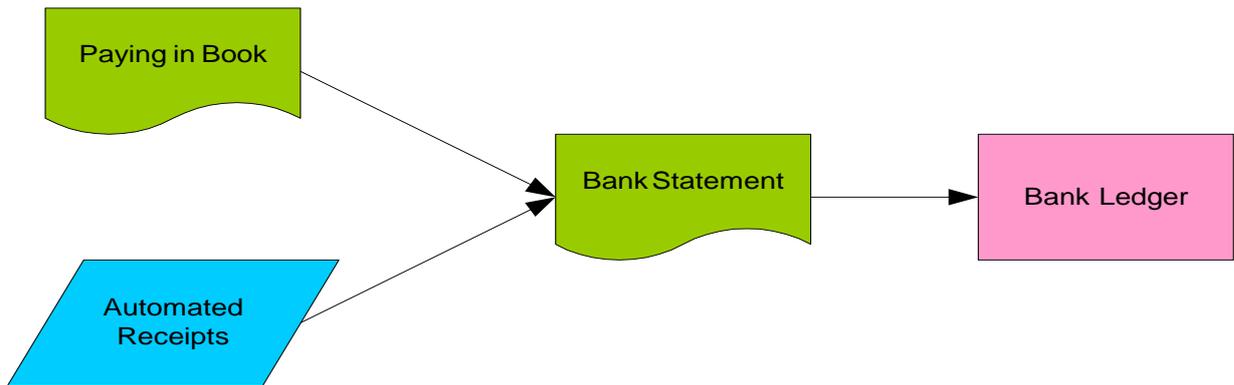
Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

Payment Process



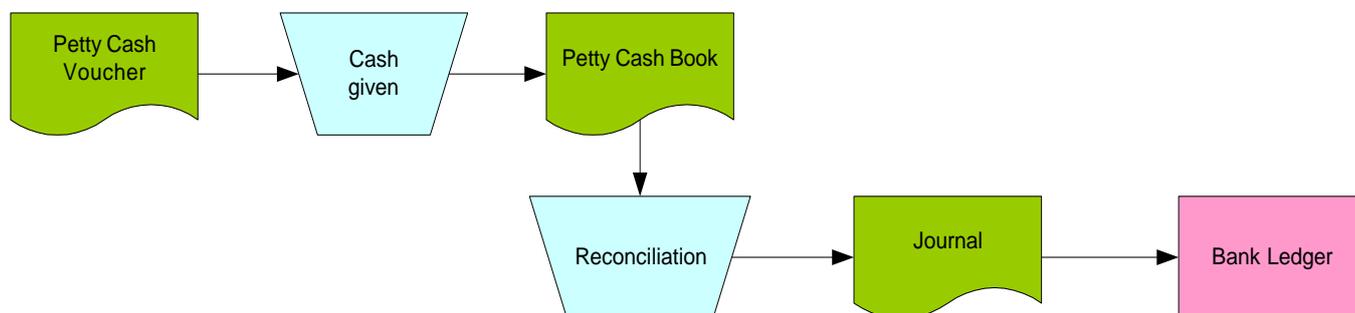
Step	Description	Requirements/Tasks	Who?
1	Payments	Identify the payments on the bank statement highlighting those that are cheque payments or those that have automatically been debited from the account.	Finance Team
2	Cheques	All Cheque payments should already appear on the system as they would have been allocated to an invoice/supplier. If any cheques are not on the system you will need to check who the payment was too/from the cheque stubs or cheque run reports. Once you have identified the payment and ensured it hasn't been posted incorrectly before (ie wrong cheque number recorded), you can post it onto the system.	Finance Team
3	Automated Payments	Automated payments will need to be allocated to the correct supplier and posted onto the system. Bank interest payments or maintenance costs will need to be posted direct to the cost code. Either through the bank payment function on the system or by journal.	Finance Team
4	Debit Card	Payments made by debit card must be authorised in advance of being used through the official ordering system and are up to a maximum of £500. The debit card should only be used whereby it is an emergency and/or enhanced value for money can be clearly demonstrated, ie. internet purchases, franking machine top-up etc. This can only be inputted to the supplier by the Finance Team following advance authorisation by the Headteacher.	Chief Financial Officer

Receipt Processing



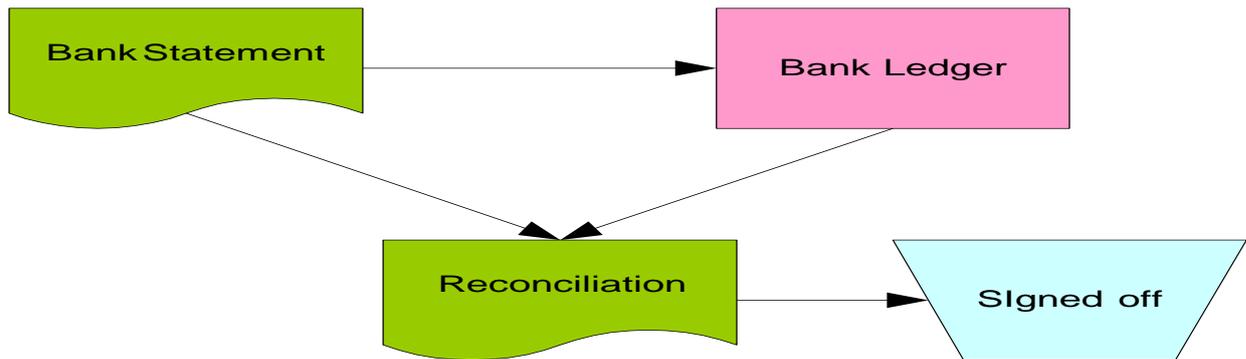
Step	Description	Requirements/Tasks	Who?
1	Receipts	Identify the receipts on the bank statement highlighting those that were banked using the paying in book and those that have automatically been credited to the account.	Finance Team
2	Paying in Book	<p>Receipts from customers should already have been allocated on the system against the correct invoice/customer.</p> <p>Any amounts from the paying in book that haven't been entered onto the system need to be investigated. Once you have identified what the receipt is for and that it hasn't already been posted incorrectly, you can enter it onto the system.</p>	Finance Team
3	Automated Credits	<p>Automated credits to the bank account should be identified and matched to the correct customer.</p> <p>Credits for bank interest should be posted onto the system using the bank receipt function or by a journal.</p>	Finance Team

Petty Cash Processing



Step	Description	Requirements/Tasks	Who?
1	Petty Receipt Cash	A petty cash receipt should be completed with a detailed description of the expense highlighting the cost department. Invoices should be attached where appropriate. This should be authorised by the relevant Budget Holder prior to cash being released.	Finance Team
2	Cash	Once the petty cash receipt has been completed the claimant will then receive a cash payment. Detailed records are posted individually onto Access as a journal entry at the end of the month to reconcile. When the cash float of £500 runs low the Finance Team will ensure sufficient cash is replaced	Finance Team
3	Reconciliation	A monthly reconciliation should be performed confirming the cash balance held is correct. Any discrepancies should be identified and noted.	Finance Team
4	Journal	Once the reconciliation has been performed a journal can be prepared. Ensure all costs are allocated correctly.	Finance Team
5	Post Journal	The journal can then be posted onto the system	Finance Team

Bank Reconciliation



Step	Description	Requirements/Tasks	Who?
1	Bank Statements	Ensure Bank statements have been received and if not then request copies.	Finance Team
2	Bank Reconciliation	Going into the bank reconciliation function on the system and select all items that have appeared on the bank statement. Ensure you have a copy of the previous reconciliation to hand, and mark off any items that have cleared subsequently.	Finance Team
3	Identify reconciling items	Any items appearing on the system but not on the bank statement need to be included on your reconciliation. Items on the bank statement that you have not posted due to lack of information also need to be included on the reconciliation.	Finance Team
4	Complete Reconciliation	Complete the reconciliation on a monthly basis	Finance Team
5	Old items	Any items that are older than six months need to be investigated. Cheques that have not been presented may need to be re-issued.	Finance Team
6	Signed Off	Once the reconciliation has been completed and any old items investigated, the report should be given to the Chief Financial Officer. The Chief Financial Officer should review the reconciliation and authorise it.	Finance Team

6 VAT Issues

As St Mary's Catholic High School's main source of income relates to education, which is outside the scope of VAT, it has not been registered for VAT purposes.

However, as the VAT sector is complex and ever changing St Mary's Catholic High School would need to keep a good record of all 'VATable' supplies. This will ensure that should St Mary's Catholic High School need to register, they do so in good time without suffering any penalties.

Input VAT is recoverable on for VAT 126. This will be produced monthly by the Finance Team.

7 Gifts

Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 should be reported to the Accounting Officer in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions, or regularly receives reimbursement from the school for items other than travel expenses. Gifts that have been reported are entered onto the gifts and hospitality register.

8 Energy Management

1. The **Premises Manager** is responsible for recording, monitoring, and analysing water, gas and electricity consumption and solar panel income generations on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with the Director of Business & Finance immediately.
2. The **Premises Manager** ensures that the school's heating system is operated and run as efficiently as possible.
3. The **Premises Manager** ensures that the school is purchasing energy at the most competitive prices available.
4. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

9 The Seven Principles of Public Life (known as the Nolan Principles)

The following are the Seven Principles:

1. **Selflessness:**
Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family, or their friends.
2. **Integrity:**
Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
3. **Objectivity:**
In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

4. **Accountability:**
Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
5. **Openness:**
Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
6. **Honesty:**
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. **Leadership:**
Holders of public office should promote and support these principles by leadership and example.