



# **Regency High School Finance Policy**

Authorised by: Chair of Governors

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Signed by: ..... (Chair of Governors)

Date: .....

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## INTRODUCTION

The purpose of this Finance Policy and its associated procedures is to ensure that Regency 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 effectively to meet the regulatory requirements of the following:

- Companies Act
- Department for Education (DfE)
- Education Funding Agency (EFA)
- Charity Law relating to exempt charities (SORP)
- Regency High School Governing Body

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

The Academy Trust and 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.

## **1. ORGANISATION**

1.1 The Regency High School Trust (“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 governors (also known as directors or trustees). It delegates management oversight and scrutiny of the Academy to the Governing Body.

1.2 The main responsibilities of the Academy Trust, delivered through the Governing Body, are prescribed in the Funding Agreement between the Academy Trust and the DfE.

Key financial responsibilities include:

- Ensuring that grant from the EFA 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 Finance Manager (as Chief Financial Officer) in conjunction with the Head Teacher.

1.3 The members and directors that sit on the Governing Body as trustees, have certain obligations to protect the assets, property and good name of the Academy.

1.4 The Academy has defined the responsibilities of key committees and staff involved in the administration of Academy finances to provide a framework of accountability for governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- Finance Committee
- Sites and Buildings Committee
- Curriculum Committee

The main responsibilities of these Committees are set out in written terms of reference approved by each committee on an annual basis.

Paragraphs 1.5 to 1.10 below summarise the responsibilities of those individuals with key roles in the administration of the Academy finances.

### **The Head Teacher**

1.5 The Funding Agreement requires the Academy to identify the Head Teacher as the Accounting Officer who is personally responsible to the Governing Body, to Parliament and EFA's Accounting Officer who is responsible for:

- Notifying the EFA's accounting officer, if action proposed by the board of trustees is in breach of the trust's articles, funding agreement or EFA Funding handbook;
- Ensuring regularity and propriety;
- Assuring the board of trustees that there is compliance with the handbook, the funding agreement and all relevant aspects of company and charitable law;

- Adhering to the 'seven principles of public life';
- Efficient and effective use of available resources; and
- The day to day organisation, staffing and management of the Academy.

1.6 In practice, much of the financial responsibility is delegated to the Finance 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.
- Authorising orders, contracts and signing cheques / releasing payments in conjunction with the Finance Manager or other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority attached at **Appendix 1**.
- Preparing budget plans in conjunction with the Finance Manager;
- Implementing expenditure in line with the Academy budget
- Seeking Finance Committee approval for purchase orders or contracts in excess of delegated thresholds
- Submitting reports to the Finance Committee giving details of income, expenditure and commitments to date and
- Ensuring any actions resulting from the annual audit are implemented.

### **The Finance Manager**

1.7 The Academy must appoint a Chief Financial Officer to lead on financial matters. This is the Finance Manager who works in close collaboration with the Head Teacher through whom (s)he is responsible to the Governing Body. The Finance Manager also attends other Governor Committee meetings as required. The main responsibilities of the Finance 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 operational level within the framework for financial control determined by the Governing Body;
- Preparation of budget plans in conjunction with the Head Teacher;
- The maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- The preparation of monthly management accounts;
- Ensuring forms and returns are sent to the EFA in line with any timetabled DfE / EFA guidance.

### **Finance Staff**

1.8 The Head Teacher and Finance 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 formal job descriptions are maintained;

- The finance staffing levels are adequate; and
- There are effective arrangements to deal with the absence of key financial personnel.

### **Appointment of External Auditors & External Reporting**

1.10 The Academy is required to appoint an auditor to certify whether the accounts present a true and fair view of the trust's financial performance and position and produce audited account. The appointment should be for a one year period renewable at the discretion of the Academy Trust.

- The Academy Trust should arrange for on-going monitoring of the performance of the auditors to be undertaken.
- The board of trustees must notify the EFA immediately of the removal or resignation of the auditors if it is before the expiry of their agreed term of office.

The Annual Report and Financial Statements must be presented to the Board of Governors at a meeting for approval prior to signing by The Chair of Governors and The Finance Officer.

The audited Annual Report and Financial Statements must be filed with the EFA by 31 December each year and also with Companies House by 31 May. A copy must be displayed on the School's website by 31<sup>st</sup> January.

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

### **Register of interests**

- 1.11 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 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.
- 1.12 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 disclosures 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.
- 1.13 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the Academy Trust, Governing Body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.
- 1.14 The register should be updated at least once a year. All 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 Systems Manger and Clerk to the Governing Body.

## **2. ACCOUNTING SYSTEM**

All financial transactions of the Academy should be recorded on a Finance System approved by the Governors.

- 2.1 All payroll transactions are currently processed by a Payroll Provider as part of an annual Service Level Agreement. These are uploaded by journal into the Finance System.

### **System Access**

- 2.2 Entry to the Finance System is password restricted and the Finance Manager is responsible for implementing a system which ensures that passwords are changed periodically. The Finance Manager is responsible for ensuring that members of staff have appropriate levels of access that are commensurate with their levels of responsibility.

### **Backup procedures**

- 2.3 The ICT department is responsible for ensuring that there are effective back up procedures for the Finance System. Currently backups are carried out nightly and weekly and stored on a cloud system under a SLA with IBS Schools.
- 2.4 The Finance Manager shall contribute to the school disaster recovery and business continuity plan in the event of loss of the Finance System or financial data. This should link in with the assessment made by governors 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 are produced by the Finance Manager and approved by the Finance Committee. All journal entries must be documented in an appropriate form and authorised by the Finance Manager prior to being input to the Finance System.

- 2.6 Detailed information on the operation of the Finance System can be found in the user manuals held in the Finance Office.
- 2.7 The Academy will adhere to the control principles set out within the Academies Financial Handbook.

## **3. BANKING AND CASH MANAGEMENT**

### **Bank Accounts**

- 3.1 The opening of all bank accounts should be discussed and a recommendation made by the Finance Committee. Final authorisation is agreed by the Governing Body. The approved Scheme of Delegated Financial Authority at **Appendix 1** sets out the signatory authorities operating on the Academy bank accounts.

### **Deposits**

- 3.2 The main sources of income for the Academy are the grants from the EFA and from the Local Authority. The receipt of these sums in the Academy bank accounts is monitored directly by the Finance Manager, who is responsible for ensuring that all grants due to the Academy are collected on a timely basis.
- 3.3 All cash receipts for whatever reason should be paid directly into the relevant Academy bank account.

### **Payments and Withdrawals**

- 3.4 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 at **Appendix 1**. This provision applies to all accounts, public or private, operated by or on behalf of the Governing Body.

### **Bank Reconciliations**

- 3.5 The Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- Bank transactions input and reconciliations are carried out by a member of the Finance department other than the Finance Manger.
  - Reconciliations are subject to at least a monthly review carried out by the Finance Manager and adjustments arising are dealt with promptly.
  - Reconciliations are subject to a review and approval carried out by the Finance Committee.

### **Petty Cash Accounts**

- 3.6 The Academy may hold a petty cash float of up £500. This is used in following situations:
- Emergencies
  - Purchase of small specialised items not available through the normal purchasing process

A member of the Finance department will produce monthly reports at least once a month to track utilisation of the fund which is reviewed and approved by the Finance Manager. Staff cash advances are allowable.

### **Cash Flow Forecasts**

- 3.7 The Finance Manager 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.

### **Investments**

- 3.8 Investments must be approved by the Governing Body, following the appropriate policies and procedures adopted, to support this action.
- 3.9 All investments must be recorded in sufficient detail for external scrutiny. Procedures must be put in place to properly account in the Finance System for any income generated as a result of investments made.

### **Borrowing**

- 3.10 EFA approval is required for any type of borrowings including overdraft facilities and finance leases.

### **Purchase Cards**

- 3.11 Purchase cards maybe issued to staff (except for finance staff) as an alternative means of payment of expenses or to make payment for internet purchases if they represent value for money.
- 3.12 Settlement of statements is made by a direct debit on the date due. Balances should be cleared before interest accrues in line with EFA requirements.
- 3.13 Administration of the purchase cards is carried out by the Finance Manager who:
- Obtains authorisation from the Head Teacher
  - Sets purchase limits – on transactions and maximum monthly spend
  - Keeps a log of all cards issued
  - Reviews monthly statements and checks input and reconciliation carried out by another member of the finance department
- 3.14 All staff issued with a purchase card must:
- Sign a Purchase Card Employee Agreement Form
  - Submit an authorised claim form with receipts attached for all purchases made on the card
  - Must only use the card for school business expenses.

## **4. EXPENSES POLICY**

### **General Principles**

- 4.1 It is the Academy's policy to ensure that members of staff and governors are reimbursed promptly and appropriately for expenses incurred on Academy business. However, it should be stressed that is the responsibility of each staff or governor member 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.

- 4.2 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.
- 4.3 The Academy encourages staff wherever possible to use public transport or to cycle or walk in preference to using cars, on the grounds of reducing cost, improving health and minimising the impact of the journey on the environment.
- 4.4 Members of Staff are expected to display prudence with respect to business related expenses and 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.
- 4.5 Full details of the Academy Staff Travel and Subsistence Policy are set out in **Appendix 2** with rates payable for Travel and Subsistence set out in **Appendices 2 and 4** respectively.

#### **Entertaining visitors**

- 4.6 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 Deputy Head teacher is required. In-house facilities should be utilised whenever possible.
- 4.7 The names of each person attending must be noted on the claim, identifying which attendees are from the Academy and which are external guests.
- 4.8 Subject to these constraints and those in relation to the Gifts and Hospitality Policy set out in section 8, staff may claim reasonable and appropriate entertaining expenses.

#### **Entertaining staff**

- 4.9 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.
- 4.10 The names of each person entertained must be noted on the claim.

#### **Other Circumstances**

- 4.11 In circumstances where a member of staff could incur other expenses that are not explicitly covered by this policy, reimbursement may be available providing agreement has been reached in advance with the relevant senior manager.

#### **Reimbursement of expenses**

- 4.12 Travel expenses are processed by Worcestershire County Council and paid through the payroll. All other expenses are processed by the Finance

Department and payment is made directly into the bank. Small claims can be paid from Petty Cash. Expenses will only be reimbursed if they are:

- Submitted on the appropriate expense form.
- Approved by the budget holder. Advance permission must be sought by the claimant prior expenditure.
- Supported by VAT receipts. If receipts are not available.

- 4.13 In exceptional circumstances, the Academy may consider reimbursing minor claims for travel without the back-up receipt, for example the use of a prepaid travel card to travel on Academy business where no receipt is currently issued or tickets that are retained as you pass through the ticket barrier. Staff need to give a full explanation to explain why no receipt is available and must include this on the expense claim form before getting approval from the Head Teacher.
- 4.14 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.

## **6. FINANCIAL PLANNING**

### **General Principles**

- 6.1 The Academy prepares both medium-term and short-term financial plans which are aligned to the needs of the Academy Development Plan.
- 6.2 The Development 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 which is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.
- 6.3 The financial planning and budgetary control processes are described in more detail below.

### **Annual Budget**

- 6.4 The Head Teacher, in conjunction with the Finance Manager, is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Full Governing Body after consideration by Finance Committee.
- 6.5 The approved budget must be submitted to the EFA by 31<sup>st</sup> July each year. The Finance Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 6.6 The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

- 6.7 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 Development Plan objectives;
  - Review of resource needs of each programme area within the Academy; and
  - Consideration of how the Academy is achieving best value.

### **Balancing the Budget**

- 6.8 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, implementing 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 Full Governing Body approval 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**

- 6.9 Once the different options and scenarios have been considered, a draft budget should be proposed by the Head Teacher in conjunction with the Finance Manager for consideration by the Finance Committee prior to full approval of the Governing Body. 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.
- 6.10 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.
- 6.11 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**

- 6.12 Half termly reports will be prepared by the Finance 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 Committee.

- 6.13 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 reports on a half termly basis:
- Overall summary of financial position;
  - Detailed financial summary with actual costs incurred and commitments against budget profile;
  - Details of transactions processed against those budgets for which they are responsible.
- 6.14 Prior to the Finance Committee meeting, the Finance Manager will meet with the Head Teacher 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.
- 6.15 Any potential high value purchase requisitions/orders that could cause budget overspend must be reported to the Full Governing Body Meetings so that it can be checked against cash flow forecast/budget.
- 6.16 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 must be reported and recovery action written into the budget narrative, The Governors have agreed that 1% at year end and 3% on a monthly basis is within approved tolerances. All budget virements must be authorised in accordance with the agreed Scheme of Delegated Financial Authority set out at **Appendix 1**.

## **7. FIXED ASSETS**

### **Purchase of assets**

- 7.1 All assets purchased either singly or as a group 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 asset management register for insurance purposes / asset management purposes e.g. laptops, digital cameras etc.

### **Asset register**

- 7.2 The asset registers 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. DCSF grant or donations;
  - Location of asset;
  - Expected useful life of asset; and
  - Name of staff member responsible for that asset.

- 7.3 The asset registers help:
- 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; and
  - To support insurance claims in the event of fire, theft, vandalism or other disasters;
- 7.4 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 7.5 All ICT equipment on 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.
- 7.6 Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and where significant, reported to the Head Teacher and Finance and Audit Committee.
- 7.7 Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it, this should be noted.

### **Disposals**

- 7.8 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and where significant, should be sold following competitive tender. The Academy must seek the approval of the EFA and any relevant grant providers in writing if it proposes to dispose of an asset as per the terms of the grant. If the Academy intends to dispose of assets inherited from Worcestershire County Council with a value of over £20,000 consent will be sought.
- 7.7 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. 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.
- 7.8 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 EFA a proportion of the sale proceeds.
- 7.9 Academy land and buildings are leased from Worcestershire County Council and therefore cannot be disposed of by the Academy, without approval.

### **Loan of assets**

- 7.10 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. A record of the loan must be recorded in a loan register and booked back into the Academy when it is returned.

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

### **Depreciation Policy**

#### 7.12 *Land and buildings*

- Assets under construction – no depreciation is provided on land or assets in construction.
- Freehold land will be depreciated on a straight-line basis over the term of the lease which is 125 years.
- Leasehold buildings will be depreciated at a rate of 2% on a straight-line basis over the term of the lease.

#### 7.13 *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
Motor Vehicles	5 years
Furniture & Fittings	10 years
Office Equipment	5 years
Classroom Equipment	5 years
Musical Instruments	5 years
Audio-visual & Recording Equipment	5 years
Kitchen Equipment	5 years
ICT Hardware and Software	3 years

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

### **Leased Assets**

- 7.14 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 written approval from the Secretary of State.
- 7.15 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.

## **8. GIFTS AND HOSPITALITY**

- 8.1 The Gifts and Hospitality Procedure detailed below, 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.

The term 'gifts' is deemed to include:

- goods provided for personal or other private use;
- personal services;
- loans of equipment, vehicles etc for personal use; and
- 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; and
- entertainment.

### **Legal Framework & National Guidance**

#### **8.2 *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 or reward for:

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

Under the 1916 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**

- 8.3 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.
- 8.4 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).
- 8.5 The provisions of the policy shall be held to apply to all staff members. There

is no seniority threshold. In cases of doubt, individuals should clear acceptance of gifts or hospitality with the Finance Manager.

- 8.6 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 and pension rights.
- 8.7 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.
- 8.8 It is the responsibility of the Finance Manager to periodically review the Gifts and Hospitality register.

### **Receipt of Hospitality**

#### 8.9 *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 £50 should be recorded on the register.

#### 8.10 *Unacceptable Hospitality*

Any hospitality which does not fulfil the criteria in paragraph 8.9 above will be unacceptable. Where this is not easy to decide, the offer should be declined or advice sought from the Finance Manager. Any significant hospitality offered to Academy employees whether accepted or declined should be recorded in the register.

#### 8.11 *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**

- 8.12 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.

### **Business gifts**

8.17 *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.

- 8.18 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 contributes 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 Finance Manager.

- 8.19 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 Finance Manager and added to the register.

- 8.20 Presents and donations to the Academy or a Department should be reported and added to the register

- 8.21 All gifts or hospitality received valued at over £50 shall be acknowledged in writing and a copy of that acknowledgement shall be forwarded to and be held on file by the Finance Manager.

8.22 *Giving of gifts*

Charitable donations should not be given by any member of staff, on behalf of the Academy. Except for specified fundraising activities in number 13.17.

8.23 *Monetary gifts*

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

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

- 8.24 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; and
- estimated value

Submissions should be made as soon as is practically possible.

- 8.26 If employees have any doubt about whether an item should or should not be recorded they are advised to record it.
- 8.27 The Hospitality register will be reviewed annually by the Responsible Officer (as arranged by the Board of Governors) and from time to time by the Finance Manager. It will be available to the External Auditors.

## **9. PAYROLL**

9.1 The main elements of the payroll system are:

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

### **Staff Appointments**

- 9.2 The Governing Body has approved a Pay Policy for the Academy. Changes can only be made with the express approval in the first instance of the Finance and Audit Committee, who must ensure that adequate budgetary provision exists for any payroll changes.
- 9.3 The Head Teacher has authority to appoint Academy Staff.
- 9.4 All personnel changes must be immediately notified to the Systems Manager and to the Finance Manager.

### **Payroll Administration**

- 9.5 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.
- 9.6 The Finance Manager is responsible for checking that all payroll information is received by the Academy on a monthly basis to enable checks to be undertaken and payments processed.
- 9.7 The Systems Manager will ensure that the Payroll Provider has complete details of sickness and other absences during the month. In addition to any new appointments, contract amendments or terminations in the period.
- 9.8 All new appointments, resignations and contract amendments must be submitted on a Notification of Appointment/Resignation/change of contract

form. This must be signed by:

- The Head Teacher or Deputy Head for approval of Appointments and Resignations and change of contracts not involving pay grade increases
- Governors Chair of Pay Review Committee for any increases relating to pay grades.
- Finance Manager in order to check details and acknowledge changes.

9.9 Overtime claims and additional allowances must be:

- Made in accordance to the Pay Policy
- Authorised by the Head Teacher or Deputy Head. Approval must be sort by the employee before undertaking additional hours or work

9.10 Refer to EFA guidance in respect to staff severance payments, compensation payments, and ex gratia payments. Approval required by Governors.

## **Payments**

9.11 All salary payments, other than emergency manual payments, authorised by the Head Teacher, are made by Payroll provider in line with the arrangements outlined in the annual Service Level Agreement.

9.12 The Finance 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 Finance Manager will carry out half termly checks on gross to net calculations on a sample basis.

9.13 The Finance Manager will maintain detailed records of the monthly payroll and maintain an on-going reconciliation with the Financial System. At the end of each financial year this reconciliation will be reviewed by the Independent Auditors.

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

9.15 On an annual basis the Finance Manager will check for each member of staff that the gross pay per the payroll system agrees to the contract of employment.

## **10. PURCHASING**

### **General Principles**

10.1 It is the policy of the Academy to seek the best value for money from all purchases commitment, i.e. goods and services of the requisite quality and

quantity delivered on a timely basis at the best price possible.

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

10.3 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.

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

10.5 Purchase contracts up to a limit of £10,000 within the agreed budget are authorised by the Head Teacher or the delegated budget holder.

10.6 The following limits have been agreed by Governors

- Between £100 and £2500 – 2 quotes sought one of which must be in evidenced in print.
- Between £2501 and £10,000 – 3 quotes sought with a minimum of 2 in writing
- Purchase contracts up to a limit of £20,000 within the agreed budget are authorised by the Finance and Audit Committee
- Between £10,001 and £20,000 – 4 quotes are sought with a minimum of 3 in writing.

Purchase contracts over £20,000 are authorised by the full Governing Body either with a requirement for 4 quotes with a minimum of 3 in writing or through a formal procurement process. Governors will follow European Procurement Rules for larger purchases as directed by the EU.

Purchases made using Worcestershire County Council Services or any other supplier where they have engaged in the procurement process are not subject to the above requirement to submit quotes.

10.7 In exceptional circumstances and if time critical approval of expenditure by governors can be made via email. The request must come from the Head Teacher and Finance Manager. Approval must be obtained by the Finance Committee. If the Finance Committee doesn't agree to the expenditure approval must be requested by the Full Governing Body. Full details and justification must be provided at the next meeting.

10.8 Suppliers used on a regular basis may go on a Preferred Supplier list and will not require quotes for each individual order if approval is obtained by The Finance Committee. A supplier appraisal form will need to be completed and checks for value for money made against other suppliers. A review must be made at least every 2 years.

10.9 Unless alternative instructions are specified by the Full Governing Body all paperwork committing expenditure must be issued via the finance department and no member of staff or governor should place written/verbal/internet orders except:

- Prior agreement given by the finance department who will issue a purchase order number which must be quoted to the supplier
- A completed Service Level Agreement checked by the Finance Manager and authorised by the Head Teacher or Deputy Head

- Payment made by employee or governor and claimed on expenses - see section number 4 for expenses policy
- Payment made on school's purchase cards
- Critical Incident

### **Contract Agreements**

- 10.8 All contracts issued by suppliers must be submitted to the Finance Manager for checking prior to signing. Only the Head Teacher or the Duty Head are approved to sign the paper work.
- 10.9 A supplier appraisal form will need to be completed to establish best value for money. The lifetime value applies to the limits stated in 10.6
- 10.10 All contracts over 3 years must have Finance Committee approval.
- 10.11 The Finance Manager will log all contracts and record renewal date and designated name of staff responsible for managing the contract.
- 10.12 The Finance Manager will send out a notice of renewal 3 months prior to the end of the contract.
- 10.13 Contracts that automatically renew will be submitted to supplier appraisal at least every 2 years.

### **Purchase orders for works, goods and services**

- 10.14 Approved order requisitions must be submitted to the Finance Office using a Purchase Order Request Form. All orders unless issued via a contract in 10.8 above must be made or confirmed in writing, using an Academy official Purchase Order Form created through the Finance System.
- 10.15 Blanket purchase orders from preferred suppliers maybe issued if requested by the budget holder for goods or services if there is sufficient justification. E.g. Site manager requesting potential emergency repairs. A purchase order will be issued to the member of staff giving them the option to order up to the maximum value stated if needed.
- 10.16 Input of orders will be made by a member of the Finance department other than the Finance Manager. Alternatively budget holders (if provided with their own user name and password) have the option to enter their own purchase requisitions on to the finance system with a member of the Finance department checking the input.
- 10.17 The entered purchase orders are approved and released on the Finance system by the Finance Manager who will check:
- Authorisation
  - Evidence of value for money
  - Budget

In the Finance Managers absence this will be carried out by the Systems Manager or Head Teacher.

The Finance Manager is allowed to enter purchase orders if finance staff are unavailable but will require Systems Manager or Head Teacher to release orders.

- 10.18 Purchase Orders will have a unique reference number and will be dispatched by post, fax or email to the supplier by the Finance Office.
- 10.19 The purchaser must make appropriate arrangements for the delivery of goods to the Academy. Upon receipt of 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 and the original order by either the Budget Holder or a member of the office staff. A record of any discrepancies between the goods delivered and the Goods Received Note should be made.
- 10.20 The Delivery Note must be authorised by the person checking the goods to confirm the quantity and quality of the goods. Discrepancies should be reported to the supplier of the goods without delay and make any arrangements as necessary.
- 10.21 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.
- 10.22 Upon acceptance of the goods a copy of the authorised delivery note should be sent to the Finance Office to match against the invoice on receipt.

### **Purchase Invoices**

- 10.23 The following checks are to be made before any invoices are processed for payment:
  - a) the invoice is arithmetically correct;
  - b) the invoice is scanned and posted to the purchase ledger;
  - c) goods or services are received;
  - d) goods or services are those ordered;
  - e) prices are correct;
  - f) payment is authorised;
  - g) VAT is treated correctly

(a) and (b) will be checked by the Finance Department. The purchaser is expected to check for (c), (d), (e) and (f). In checking these, the purchaser must make a detailed check against the order and the delivery note, before it is authorised and sent back to the Finance Office.

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

- 10.16 When the purchaser has made the appropriate checks listed above, the invoice should be returned to the Finance Office to process for payment.

- 10.24 All invoices should be scanned and registered on the Finance System in the Purchase Ledger by the Finance Office. Invoices will be matched to purchase orders and goods received notes and forwarded by the Finance Office to the purchaser to check and approve.
- 10.17 Invoices are entered by a member of the finance department other than the Finance Manager. All invoices will be checked and approved for payment by the Finance Manager.
- 10.18 Payment can be made by cheque, direct debit or electronically via the Lloyds Online banking system.
- 10.19 Most payments are made via the Lloyds Online banking system. The Finance Manager will upload a file from the Finance System. Approval is made by two nominated bank signatories (see agreed scheme of Delegated Financial Authority Appendix 1). Signatories are made electronically using a card and pin number.

### **Tendering Process**

- 10.20 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 Finance Director 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; and
- 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 Preparation for Tender.

10.23 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.

10.23 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**

10.24 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.

10.25 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.

10.26 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 in to 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; and
- Details of previous sales and references from past customers.

#### *Other Considerations*

- After sales service; and

- Financial status of supplier.

### **Tender acceptance procedures**

- 10.27 The invitation to tender should state clearly the date and time by which the completed tender document should be received by the Academy.
- 10.28 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.
- 10.29 Tenders received after the submission deadline should not normally be accepted.

### **Tender opening procedures**

- 10.30 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) Headteacher and
- ii) Finance Manager

For contracts over £50,000:

- i) Head Teacher;
- ii) Finance Manager and
- ii) Academy Governor

- 10.31 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**

- 10.32 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.
- 10.33 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.
- 10.34 Full records should be kept of all criteria used for evaluation.
- 10.35 For all contracts a report should be prepared for the Finance Committee highlighting the relevant issues. The Finance and Audit committee will make a recommendation to the Full Governing Body for a final decision.
- 10.36 Where required by the conditions attached to a specific grant from the EFA, the agency's approval must be obtained before the acceptance of a tender.

## **11. SEGREGATION OF DUTIES**

### **Policy Statement**

- 11.1 The Governing Body 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.
- 11.2 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**

- 11.1 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.
- 11.2 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.

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

## **12. RESERVES POLICY**

- The Reserves are the Unrestricted Funds – which represent those resources which may be used towards meeting any charitable objects of the Academy at the discretion of the governors previously called School Funds.
- 12.2 The Reserve Policy is reviewed at least annually by the Governing Body. The Academy needs to hold reserves for a number of reasons, examples of which are listed below:
- Contingency / Minimum Prudent Level of Reserves (8%) 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, and
- Fixed asset funds which are applied to specific capital purposes where the asset acquired or created is held for a specific purpose.

12.3 The Governing Body will ensure that the Reserves Policy is in accordance with the requirements laid down in the Academies Financial Handbook.

12.4 It is the policy of the Academy to hold reserves to support future education purposes in line with the Development Plan and to help bridge any anticipated budget gap over the medium term. Monitoring of the reserves will take place regularly throughout the year and a review of the amount required so that there is sufficient contingency funds available in an emergency.

### **13. INCOME SOURCES AND FUNDING REQUESTS**

#### **General Principles**

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

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

#### **Income Sources**

13.3 The main sources of income for the Academy are grants receivable from the EFA, funding from Worcestershire County Council, fees and charges and investment income. The receipt of these sums is to be monitored directly by the Finance Manager

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

13.5 Banking should take place regularly, and more frequently where the sums collected exceed the £500 estimate of cash that may be held on the premises at any one time provide for insurance purposes.

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

13.7 A member of the finance department other than the Finance Manager 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 Finance Manager.

#### **Grant Income**

13.8 Grant Income is defined as restricted funding due from the EFA, local authority or other public funding body designated for specific expenditure. For example, the General Annual Grant is receivable from the EFA to fund the operational costs of the Academy, namely; staffing, premises, occupancy, supplies & services.

13.9 Complete records of all Grant Income and related expenditure must be

maintained for auditing purposes.

- 13.10 The Finance 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.
- 13.11 Grant Income receivable should be included in cash flow forecasts for the Academy.

### **Donations and Sponsorship**

- 13.13 Donations are defined as amounts paid by companies or individuals to the Academy for the purpose of furthering the objectives of the Academy.
- 13.14 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.
- 13.15 Donations made to the Academy are to be banked in the Academy Current Account and coded in the Finance System to enable clear identification.
- 13.16 The Finance 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. The Finance Manager will maintain a record of the use of funds.

### **Fundraising**

- 13.17 Fundraising is defined as monies given in respect of a specific charitable event held by the Academy, for the stated purpose of providing funds to support a particular project or initiative.
- 13.18 Fundraising monies should be ring-fenced from other charitable income for the stated purpose for which the monies were raised.
- 13.19 Complete records of the amounts raised and utilised must be kept by the Finance Manager for auditing purposes.
- 13.20 Monies collected through specific fundraising activities are to be banked and coded in the Finance System to enable clear identification.
- 13.21 The Finance 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.

## **14. INTERNAL FUNDING REQUESTS**

- 14.1 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 additional funding can be submitted through channels detailed in this policy.

- 14.2 Funding requests may be also be presented by other leaders within the Academy who do not have existing budget management.
- 14.3 The Head Teacher will review bids and allocate funding should:
- this be identified as available on the advice of the Finance Manager
  - it conclude that the bid represents an important enough priority to warrant additional funding that cannot be met from existing Budget Holder resources
  - it represent good value for money and
  - it not result in on-going additional financial commitments that cannot be met by the Academy without Governing Body approval.
- 14.4 The Finance Manager shall maintain a record of corporate funds available and their applied use which can be made available to the Academy Finance Committee, Head Teacher.

## **15 REVIEW OF THE FINANCE POLICY**

- 15.1 The Finance Policy will be reviewed every year by the Finance Committee.

**APPENDIX 1**

**AGREED SCHEME OF DELEGATED FINANCIAL AUTHORITY**

1	Approval of annual revenue and capital budget plans	L1	Governing Body on recommendation of Finance Committee
2	Approval of property maintenance financial plan	L2	Delegated to Finance Committee as a part of considering detailed annual budget plans
3	Approval of budgeted staff establishment	L2	Delegated to Finance Committee as a part of considering detailed annual budget plans
4	Monitoring expenditure	L2	Monthly monitor reports produced for the Head Teacher by the Finance Manager. Reports will be submitted to each Finance Committee meeting
5	Approval of charging and remissions policy	L2	Governing Body on recommendation of Finance Committee
6	Budget Virements up to £50k (see note 3)	L3	To be agreed by the Head Teacher in consultation with the Finance Manager
	Budget Virements over £50k (see note 3)	L2	Delegated to Finance Committee
7	Approval of purchase orders or contracts up to £10k (see notes 4 to 6)	L3	To be agreed by Head Teacher in consultation with Finance Manager
	Approval of purchase orders or contracts over £20k (see notes 4 to 6)	L2	Delegated to Finance Committee
	Approval of purchase contracts over £20k	L1	Governing Body on recommendation of Finance Committee

8	Disposal or write-off of assets (see also note 7):  a) Land and buildings  iii) Vehicles and Equipment up to £5k (based on latest asset value)          iv) Vehicles and Equipment up to £1k (based on latest asset value)	L2          L3	No delegations  Delegated to Finance Committee          To be agreed by Head Teacher in consultation with Finance Manager
9	Write-off of debts up to £5k  Write-off of debts over £5k	L2  L1	Delegated to Finance Committee  Governing Body
10	Gifts, loans, donations or sponsorship up to £5k	L3	Delegated to the Head Teacher subject to a suitable register being maintained
11	Staff redundancy payments	L2	Delegated to Senior Management Team in consultation with the Chair of Finance Committee
12	Opening of bank accounts	L2	Delegated to Finance Committee and reported to the Governing Body Details of signatories and limits for authorising withdrawals to be set out in the Finance Policy (see note 8 below)
13	Approval of Accounting Policies	L1	Governing Body on recommendation of Finance Committee
14	Approval of the Financial Accounts, to be incorporated within the Annual Report	L1	Governing Body on recommendation of Finance Committee
15	Approval of the Finance Policy including thresholds for miscellaneous delegations and delegations to Budget Holders within the Academy	L2	Delegated to Finance Committee
16	Approval of Budget Holders	L1	Delegated to the Head Teacher

## NOTES

1. Level 1 (L1 above) represents a Governing Body decision following production of paper with advice / recommendations by the Head Teacher or a member of the Senior Management Team acting on their behalf.  
Level 2 (L2 above) represents a decision delegated to a Committee of the Governing Body following production of a paper with advice / recommendations by the Head Teacher or a member of the Senior Management team acting on her behalf.  
Level 3 (L3 above) represents a decision delegated to the Head Teacher.

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.

Employee-related budgets are ring-fenced, i.e. funds should not be transferred into or out of the overall sum earmarked within budget headings E01 – E08 without agreement by Finance Committee. Redistribution of funding within these budget headings up to the limit indicated is allowable.

4. No commitments should be made without Governing Body approval which cannot be funded wholly from in-year delegated budgets;

5. Procurement will be subject to the following thresholds:

- i) Single quote – purchases or contracts up to the value of £1,000
- ii) Three quotes – purchases or contracts to the value of £20,000
- iii) Full competitive tendering process with purchasing / contracts advice – purchases or contracts which exceed £20,000.

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

6. Disposal of assets where the Secretary of State originally contributed in excess of £20,000 grant, require Secretary of State consent.

7. Bank Account signatories are set out below: 2 signatories required except where withdrawals can only be made into a holding account held in the Schools name; one signature is required:

Head Teacher	Unlimited
Deputy Head Teacher	Unlimited
Assistant Head Teacher	Unlimited
Systems Manager	Unlimited so long as countersigned by one other main signatory
Finance manager	Limited to accounts where withdrawals can only be made into a holding account held in the Schools name. The Finance Manager should not be a signatory on the holding account.

## **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 should make a claim. It should also be referred to by management in making sure that claims are valid.

#### **Equal Opportunities**

The Regency High School Academy expects employees to adhere to this policy in line with The Academy's obligations under equality legislation. Managers must ensure that all reasonable adjustments 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.

#### **Scope**

This policy covers employees on conditions of service governed by the National Joint Committee for Local Government Services (employees covered by the "Green Book"). It incorporates the joint agreement on travel arrangements which forms part of the Modern Reward Strategy collective agreement which takes effect from 1st April 2010. It also applies to other categories of employees where their employment contracts provide that travel and associated arrangements will be as determined by the Academy, except where other provisions have been specifically provided to them.

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## **1 Introduction**

- 1.1 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 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.

## **2 Subsistence**

- 2.1 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.
- 2.2 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.
- 2.3 It is possible that subsistence allowances cannot be claimed simply because an employee is away from 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 these 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.
- 2.4 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.
- 2.5 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.
- 2.6 It is right to point out that The Regency High School 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 that 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.
- 2.7 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 and provided that the employee gives a justifiable reason for not providing a receipt, local managers should adopt a reasonable approach in authorising the claim.

- 2.8 If both of the qualifying criteria (specified in 2.1) 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.
- 2.9 There are separate allowances in respect of breakfast, lunch, tea, and evening meal (dinner) which are updated annually on 1st April by an amount equal to the inflation forecast made by the Director of Finance.
- 2.10 The locally agreed conditions for determining which allowance applies are as follows:

Breakfast: Payable only if the employee must leave home before 7:30am.

Lunch: Payable only if the employee is necessarily absent from base between 12 noon and 2:30pm.

Tea: Payable only when the employee is required to work after 6:30pm.

Evening Meal: Payable only when the employee is required to work after 8:30pm.

- 2.11 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, except on Saturdays and Sundays.
- 2.12 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.
- 3.1 All overnight stays must be approved in advance by the appropriate authorised officer.
- 3.2 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.
- 3.3 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.

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

- 4.1 Employees attending residential training courses are entitled to claim an allowance to cover incidental out-of-pocket expenses (e.g. telephone calls to home). The amount is published with other allowance figures and is updated annually on 1st April; payment of the allowance is limited to 6 weeks for any one course.

- 4.2 Exceptionally, if employees need to travel abroad, escorting clients/pupils, attending conferences etc, a separate allowance in respect of out-of pocket expenses may be claimed.

## **5 Travel**

### **5.1 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 (see 5.3.1).
  - Environmentally friendly travel should be encouraged.
  - Mileage payments will be made within Her Majesty's Revenue and Customs guidelines.

### **5.2 Mileage Payments**

- 5.2.1 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.
- 5.2.2 Where there are changes to the HMRC rates, these will be The Regency High School Academy.
- 5.2.3 Where a number of employees undertake the same or a similar journey, they should always travel together.
- 5.2.4 In addition to mileage rates detailed in 5.3.1, 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 Regency High School Academy or an employee of a partner 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.
- 5.2.5 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 office mileage is the employee's responsibility.
- 5.2.6 Where it is more beneficial for employees to travel direct from home to an outside appointment or vice versa, rather than call in to 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.

- 5.2.7 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.

### **5.3 Other conditions**

- 5.3.1 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 extend 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 as recompense.

### **5.4 Rail Travel**

- 5.4.1 If an employee requires a rail ticket for business purposes they must contact the authorised person within their department who can organise this for them.
- 5.4.2 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 departmental approval is obtained, if:
- accompanying someone else travelling First Class; or
  - the timing of a journey would make it impossible to work effectively, e.g. peak holiday periods; or
  - Standard Class accommodation is full.

### **5.5 Parking Expenses**

- 5.5.1 Bus fares and car-parking charges incurred on Academy business may be reclaimed in full.
- 5.5.2 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.
- 5.5.3 Regency High School will not reimburse in respect of parking and similar fines.

### **5.6 Authorisation**

- 5.6.1 The formal responsibility for authorising business journeys rests with the

Head Teacher or other authorised officer. 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.

- 5.6.2 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

## **5.7 Methods of Claiming**

- 5.7.1 Employees should complete the Travel, Subsistence and Expenses Claim Form , attaching the relevant VAT receipts. Claims should be made on such dates specified by an individual department and submitted immediately to departmental administrators in order that processing by the Payroll Department may take place in time for the following month's payroll. Claims must be made on a monthly basis; if an employee delays and then submits forms covering a substantial period they must expect a delay in processing and payment.

- 5.7.2 Employees should note the terms of the declaration on the claim form. No one should make or approve a claim if the conditions explained in this policy have not been met. Regency High School will take a very serious view of fraudulent or negligent claiming or certification.

## **5.8 Insurance**

- 5.8.1 Employees who use their own vehicle for work should ensure they have the appropriate insurance to cover business travel. This is normally referred to as 'Business, Social and Domestic' cover by Insurance companies. It is the employee's responsibility that they are insured.

**APPENDIX 3**

**EMPLOYEE BUSINESS TRAVEL RATES**

The following rates apply to employees who are required to travel on Regency High School Academy business:

	<b>Pence per mile</b>
<b>Car or Van Users</b>	
1 to 8,500 miles p.a. (per mile) travel	46.9p
After 8,500 miles	13.7p