

Name of Policy: Financial Procedures Handbook	Version/Last Review Date: V5 : May 2021
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Other Policies linked to this policy: Expenses Policy Equalities and Cohesion Policy Fraud Policy Gifts & Donations Policy Purchasing Policy Reserves Policy	Next Review Date: October 2021
Governor Committee Responsible	Finance, People & Property Committee

WNA Vision: All children will achieve their full potential, with holistic support, whilst enjoying and driving their own learning, gaining self-respect, self-esteem and self-belief. Our classroom extends to rich, exciting environments within the forest, the beach, the city and the community as a whole.

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1. Introduction

The purpose of this handbook is to identify and explain how the 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 the school's funding agreement with the Department for Education ("DFE") and the Education and Skills Funding Agency ("ESFA").

West Newcastle Academy must comply with the principles of financial control outlined in the academies guidance published by the ESFA. This handbook expands on that and provides detailed information on the school's accounting procedures and system manual which should be read by all staff involved with financial systems.

2. Purpose

The Financial Procedures Handbook is aimed to assist by:

- allowing continuity and consistency in the absence or changes in key financial personnel;
- reducing audit time if systems, procedures and controls are properly recorded; and
- the opportunity to review periodically whether existing systems at WNA are the best way to meet the objectives of financial control, and whether the procedures are in fact being implemented in the way intended.

This handbook will be reviewed and updated annually. All amendments/additions will be agreed by the Finance, People and Property Committee.

3. Organisational Structure

3.1 The Governors

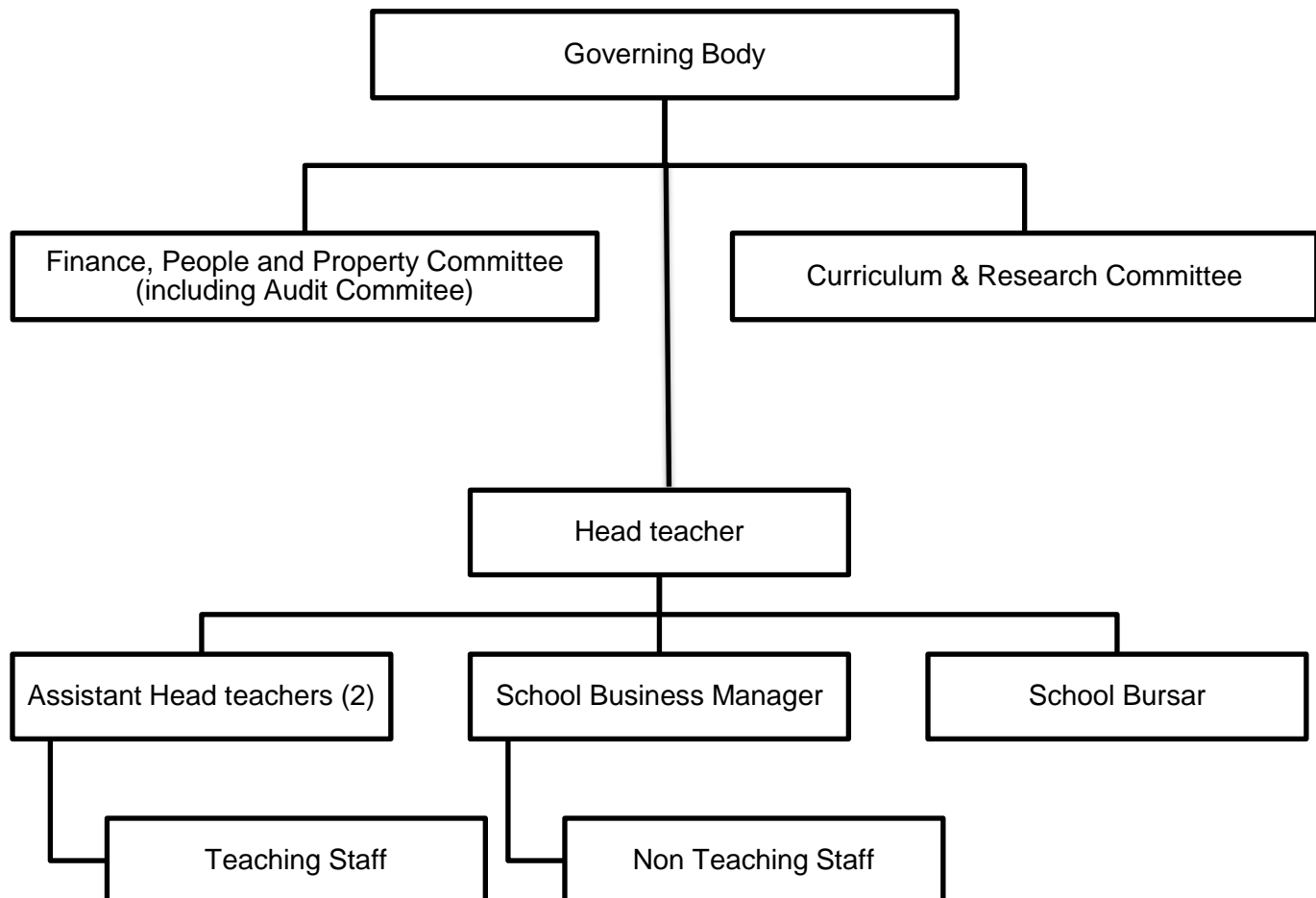
The Board of Governors has overall responsibility for the administration of the school's finances. The main responsibilities of the Governors are prescribed in the Funding Agreement between the school, the DFE and the wider government body. The main responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended;
- approval of the annual budget; and
- appointment of the Head-teacher.

The funding agreement is supplemented by the Academies Financial Handbook which is updated annually by the ESFA and applies for financial years commencing 1st September.

3.2 Structure of the Governing Body

The structure of the Governing Body is as follows:



3.3 The Finance, People & Property Committee ('FPPC')

The FPPC is a sub-committee of the Full Governing Body ("FGB") which meets every two months throughout an academic year, and sometimes monthly when required.

The main responsibilities of the FPPC are detailed in written terms of reference which have been authorised by the FGB. 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 prepared in accordance with the requirements of the Companies Act 2006 and the DFE guidance issued to academies;
- making recommendations and reporting to the FGB;
- undertaking the functions of an Audit Committee;
- reviewing and assessing the School's risk and control framework;
- appointing an external third party to carry out the internal audit function and reviewing reports accordingly;
- reviewing the register of contracts on a bi-annual basis;
- reviewing letting fees on a bi-annual basis;
- reviewing receivables owed to the school on a termly basis;
- reviewing benchmarking reporting as per the 'School resource management self-assessment tool' on a bi-annual basis;
- reviewing movable assets on a bi-annual basis;
- reviewing the staff structure
- reviewing annually the Appraisal and Capability Policy;
- reviewing performance objectives and pay for the Head-teacher;
- reviewing the salary scale for the Leadership team;
- reviewing the pay policy;
- considering pay discretions (the Head-teacher should not advise on his/her own pay);
- conducting agreed arrangements for recruitment and selection;
- appointing staff (having completed Safer Recruitment training)
- conducting agreed procedures for capability, discipline, grievance, attendance and welfare issues;
- conducting dismissal procedures;
- monitoring status of any staffing issues;
- considering flexible retirement requests
- considering and approving admissions arrangements.

The Full Governing Body will accept reports and recommendation from the FPPC, and ascertain what action is needed.

3.4 The Head-teacher

As approved by the Governing Body the Head-teacher has overall executive responsibility for all activities including financial activities. Much of the financial responsibility has been delegated to the School Bursar but the Head-teacher still retains responsibility for:

- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the FGB;
- approving new staff appointments, except for any senior staff posts which the Governing Body have agreed should be approved by them;
- authorising expenditure up to £3,000; and
- authorising bank payments in accordance with the authority limits.

3.5 The School Bursar

The School Bursar works in close collaboration with the Head-teacher, and is responsible to the Governors. The main financial responsibilities of the School Bursar are as follows:

- the day to day management of financial matters including the establishment and operation of a suitable finance systems;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are adequately supported by the underlying books and records of the school;
- the preparation of monthly management accounts;
- the preparation of relevant ESFA returns and forms for review by the Head-teacher, FPPC and FGB and ensuring these forms are prepared and submitted in line with ESFA guidance and deadlines.

3.6 Other Staff

The School Business Manager ('SBM') and Administration Assistants will also have some financial responsibilities and these are detailed in the following sections of this handbook. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the School's financial procedures.

3.7 Register of pecuniary 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 school Governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the school may purchase goods or services from. These records are updated annually and where circumstances change. Those for Governors are published on the website.

The register should include all business, financial and personal interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the school. The disclosures should also include pecuniary interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Governor or a member of staff by that person.

The existence of a register of pecuniary 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 FGB or a sub-committee. Where an interest has been declared, the FGB shall determine how to proceed and whether the individual concerned should attend that sub-committee or any other meeting.

4. Financial Planning

WNA prepares both medium term and short term financial plans.

The medium term financial plan is prepared as part of the School Development Plan ("SDP"). This indicates how the school's educational and other objectives are going to be achieved within the expected level of resources over the next year. Plans are kept relatively simple and are reviewed periodically.

The SDP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year.

4.1 Annual budget

The School Bursar and Head-teacher are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head-teacher, the FPPC and the FGB.

The approved budget (BFRO form) must be submitted to the ESFA by the end of July and the School Bursar 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 resources available to the school for the forthcoming year at that point in time 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.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
- review of other income sources available to the school to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the school cost base;
- identification of potential efficiency savings; and
- review of the main expenditure headings in light of the SDP aims and targets and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

4.2 Three-year budget

As required by the ESFA, the school prepares a three-year forecast (BFR_{3Y} form) which must be submitted by the end of July.

4.3 Balancing the budget

Monthly comparison of actual to estimated income and expenditure will identify any potential surpluses or shortfalls in funding. Even if shortfalls are not expected, 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, held in a reserve account (potentially interest bearing) or alternatively allocated to other departmental budgets where shortfalls have been identified.

4.4 Approving the budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the School Bursar for approval by the Head-teacher, the FPPC and the FGB. The budget is 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 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 may need revising throughout the year as circumstances change.

4.5 Monitoring and review

Monthly management accounts are prepared by the School Bursar. The monthly management accounts are prepared on an accruals basis and include:

- Income & Expenditure account (actual vs budget)
- Balance Sheet
- Cash Flow Statement
- Commentary on key highlights for the month

Any potential overspend against the budget must be discussed with the Head-teacher.

The monthly monitoring process should be effective and timely in highlighting variances in the budget so that these differences can be investigated and action taken where appropriate. All budget virements in excess of £3,000 must be authorised by the FPPC and reported to the FGB.

4.6 Cash flow forecasts

The SBM is responsible for preparing cash flow forecasts to ensure that the school has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages elsewhere.

5. Accounting System

All school financial transactions are processed using Sage 50 software.

5.1 System access

Entry to Sage is password restricted and the SBM is responsible for implementing a system which ensures that passwords are only issued to other staff who may require authorised access.

Only the School Business Manager and School Bursar have access to Sage.

5.2 Back-up procedures

The School Bursar is responsible for ensuring weekly Sage backups are saved on to the school's network and a hard drive stored off site.

The Head-teacher has also prepared a disaster recovery plan in the event of loss of accounting facilities or financial data. This links in with the annual assessment made by Governors of the major risks to which the school is exposed and the systems that have been put in place to mitigate those risks.

6. Income

Appendix I to this Handbook sets out the detailed procedures regarding the income and receivables management process.

The main source of income for WNA are the grants from the ESFA. The receipt of these sums is monitored directly by the School Bursar who is responsible for ensuring that all grants due to the school are received.

The school also receives income from the following sources:

- lunch income;
- wraparound care income;
- rent from the Little Lotus Nursery;
- the school second one teacher to Northumbria University and receive income accordingly; and
- the school train teaching students from Northumbria University and receive income accordingly.

7. Purchase to Pay process

Appendix II to this Handbook sets out the detailed procedures regarding the purchase to pay process.

A separate Purchasing Policy exists which sets out more information on supplier selection and how the school ensures Value for Money.

The school uses a credit card for purchases where there is no opportunity to set up a supplier account. The credit card is used for supermarket online orders and in-store purchases relating to primarily maintenance expenditure.

8. Payroll

Appendix III to this Handbook sets out the detailed procedures regarding the payroll process.

The main elements of the payroll system are:

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

8.1 Staff appointments

The Head-teacher has authority to appoint staff except for Senior Leadership Team members, whose appointments must follow consultation with the Governors.

The SBM maintains personnel files for all members of staff which include contracts of employment. Annual salary statements are kept for all employees.

The payroll function is currently outsourced to Newcastle City Council.

9. Treasury, cash and banking

Appendix IV to this Handbook sets out the detailed procedures regarding the cash book accounting, bank reconciliation and banking processes.

9.1 Bank accounts

The opening of all accounts must be authorised by the FGB who must set out, in a formal memorandum (see Appendix VII), 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.

9.2 Online payments

Dual authority controls are in place over online BACS payments made to suppliers.

The School Bursar and SBM have authority to **set up** payments only. The Head-teacher authorises these payments online. In the absence of the Head-teacher, an authorised Governor can approve payments online.

The Head-teacher also has authority to set up payments however these payments would need to be authorised by the Chair of Governors.

Any payments to suppliers over £3,000 can only be authorised and released for payment by the Chair of Governors or other authorized Governor.

All authorised online bank users must ensure security of their passwords. Access to the bank account must only be attempted from a suitable secured device.

9.3 Direct debits

Direct debit instructions are in place for utility companies. Direct debit mandate forms need to be approved by the Head-teacher.

9.4 Cheque payments

Payments made by cheque are minimal. Where a cheque is used, it would be signed by two authorized signatories.

9.5 Cheque receipts

Cheque receipts are minimal. Cheques are banked when received and the bank receipt to confirm the deposit is retained.

9.6 Bank reconciliations

Bank statements are reviewed online on a daily basis by the School Bursar / SBM for the main operating bank account.

Bank reconciliations are prepared on a monthly basis by the School Bursar and approved and signed as evidence of review by the Head-teacher. Any reconciling items are investigated and resolved in a timely manner.

A confirmation that bank reconciliations have been prepared is also included in the monthly management accounts.

9.7 Petty cash

Petty cash receipts relate mainly to lunch and club monies, though the vast majority of lunch and club money is received by bank transfer. The details of the receipt are entered into a petty cash book (name, amount, details) and the payee is given a receipt.

Petty cash payments relate to low value, urgent transactions. Petty cash payments are supported with receipts.

The SBM maintains a spreadsheet to log petty cash in-goings and outgoings and carries out a physical count at the end of every month. Any discrepancies between the physical count and the expected balance per the spreadsheet would be investigated. Every quarter the petty cash reconciliation and count is carried out by the School Bursar.

The relevant journal postings are recorded in Sage by the School Bursar as part of the month end process.

The school will hold a petty cash float of no more than £50.00. Any cash in excess of this amount is banked.

The petty cash tin should be locked at all times, when not in use.

9.8 Investments

Investments must be made only in accordance with written procedures approved by the FGB.

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.

10. Fixed assets

10.1 Maintenance of fixed asset register

All items of a capital nature with a value in excess of £500 must be recorded on the fixed asset register (currently an excel spreadsheet). The asset register should include the following information:

- asset description;
- serial number (if applicable);
- date of acquisition;
- asset cost;
- expected useful economic life;
- depreciation; and
- current book value.

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; and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

10.2 Security of assets

All the items in the register should be permanently and visibly marked as the school's property.

Half yearly, the SBM will check that all items recorded on the Asset Register are still within school premises/ownership. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and reported to the Head-teacher. Any significant missing items should be reported to the Governors. Any theft will be reported to the police.

Annually staff who have a school laptop are required to sign a document to confirm custody and the serial number.

10.3 Disposal of assets

Items which are to be disposed of by sale or destruction must be authorised for disposal by the SBM or Head-teacher, and, where significant, should be sold following competitive tender. The school must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which a 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 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.

The school is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other school assets. If the sale proceeds are not re-invested then the 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.

10.4 Loan of Assets

Items of academy property must not be removed from school premises without the authority of the SBM. A record of the loan must be recorded in a loan book and booked back in to the school when it is returned.

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

IT equipment (laptops / chrome books) may be loaned to children to support home learning. Parents must sign a form to acknowledge receipt of the equipment and confirmation to adhere to the School IT policy. A spreadsheet is maintained to detail the recipients of such assets, including the serial number of the device.

Appendix I – Income and receivables management

This section outlines the procedures carried out to process and pay an invoice for the supply of goods and services.

Step	Description	Requirements / Tasks	Responsibility
1.	Processing grant receipts	<p>The school receives the majority of income in the form of grant receipts from the ESFA.</p> <p>The amount and timing of ESFA income is budgeted for the school academic year based on information provided directly to the school from the DfE or funding information available on the DfE website.</p> <p>Actual grant receipts are compared against expectation and any variances are investigated.</p> <p>Grant remittances are saved on to the School's network.</p> <p>Grant receipts are posted to the relevant Sage code – refer Appendix IV, point 2.</p>	School Bursar
2.	Processing lunch and wraparound income	<p>Lunch and wraparound income transactions are recorded and receivables monitored in the Scholarpack management information system.</p> <p>Lunch and wraparound receipts per the main operating bank account are entered into the Scholarpack system against the specific pupil's account, on a daily basis by the SBM.</p> <p>At month end, lunch and wraparound receipts in total as per the main operating bank account are entered in Sage as a single transaction – refer Appendix IV, point 3.</p> <p>A cross check is carried out to compare the total monthly lunch receipts per the bank statement and as per Scholarpack to ensure completeness of receipts in Scholarpack.</p> <p>Overdue receivables are managed as per the 'Debt Management Policy'.</p>	<p>SBM</p> <p>SBM</p> <p>School Bursar</p> <p>School Bursar</p> <p>SBM / Head-teacher</p>

Step	Description	Requirements / Tasks	Responsibility
4.	Other sources of income	<p>As outlined in Section 6, the school receives additional income for rent, recharge of staffing costs and training income.</p> <p>Manual invoices are raised for these sources of income on a monthly basis and PDF copies saved to the School's network. A PDF is also emailed to the customer. A sequential invoice numbering system is in place. The volume of manual invoices is low, estimated at between 30 and 40 per annum.</p> <p>The invoices are posted to the customer account in Sage.</p> <p>Cash receipts relating to these other sources of income are posted to Sage - refer Appendix IV, point 4.</p> <p>Overdue receivables are monitored by the School Bursar and chased accordingly.</p>	School Bursar
5.	School uniform sales	<p>Parents/carers are encouraged to purchase uniforms direct from the supplier.</p> <p>However, where the parent purchases the uniform via the school office, a spreadsheet is maintained to record these school uniform sales. If the uniform is paid for by cash, this is recorded on the uniform spreadsheet and in the petty cash book (see Section 9.7).</p> <p>Where online payments are made for school uniform purchases, the receipt per the bank is recorded on the uniform spreadsheet.</p> <p>Any unpaid amounts for school uniform would be followed up by the SBM.</p>	<p>SBM</p> <p>SBM</p> <p>School Bursar</p> <p>SBM</p>

Appendix II – Purchase to pay

This section outlines the procedures carried out to process and pay an invoice for the supply of goods and services.

Delegated authorities

Value of purchase requisition	Delegated authority	Requirements
Up to £500	SBM	Purchases / contracts up to the value of £500 require approval from the SBM
£500 -£3,000	Head-teacher	Purchases / contracts up to the value of £3,000 require approval from the Head-teacher
£3,000 - £15,000	Finance, People and Premises Committee	Three quotations must be obtained to ensure 'value for money' is achieved. Evidence of these quotations must be retained
Orders over £15,000	Full Governing Body	Formal tendering process applies as per Procurement policy

Requisition, order processing and goods receipting

Step	Description	Requirements / Tasks	Responsibility
1.	Completion of purchase requisition form	A purchase requisition form is completed by the Originator / Admin Assistant.	Originator / Admin Assistant
2.	Approval of purchase requisition form	The requisition form is approved and signed to evidence this approval in line with the delegated authority limits.	Delegated Authority
3.	Creation of purchase order in Sage	Once the requisition has been authorised, the details of the requisition are converted into a purchase order in Sage. The system generated purchase order number is written on to the requisition form.	SBM or delegated to Admin Assistant
4.	Placing the order	The order can then be placed with the supplier by telephone or emailing the purchase order to them.	SBM or delegated to Admin Assistant
5.	Delivery	When the order is received, goods are checked against the Goods Received Note ("GRN"), where received. Goods should be checked for quantity and quality and any sub-standard items must be returned and noted on the GRN.	SBM or delegated to Admin Assistant

6.	GRN matched to Purchase order	<p>The purchase order in Sage is then checked to the GRN and any discrepancies are followed up with the supplier.</p> <p>If all is in order, the goods are recorded as being received in Sage.</p> <p>The supplier GRN is then filed with the relevant purchase requisition form.</p>	SBM or delegated to Admin Assistant
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Posting invoices

Step	Description	Requirements / Tasks	Responsibility
7.	Invoice received	<p>Invoices received in the post are date stamped. Most invoices are received by email</p> <p>The invoice is then matched to the purchase order. Any discrepancies are followed up with the supplier.</p>	SBM or delegated to Admin Assistant
8.	Inputting invoice	<p>Once the invoice has been matched to the purchase order and the goods/services have been goods receipted in Sage, it can then be entered onto the purchase ledger system, using the 'update ledger' function within the 'purchase orders' module.</p> <p>The 'reference' field for the invoice posting in Sage is the purchase order number, for audit trail purposes.</p>	School Bursar
9.	Filing invoice	<p>The invoice is filed with the purchase requisition form and GRN (if applicable).</p> <p>Unpaid invoices are kept in a separate file until set up in the BACS payment run.</p>	School Bursar
10.	Credit notes	<p>Credit notes are input into Sage using the 'batch credit function' within the 'supplier' module. The purchase order number of the invoice to which the credit note relates is entered into the 'reference' field in Sage, for audit trail purposes.</p> <p>The credit note is filed with the invoice to which it relates.</p> <p>If the invoice to which the credit note applies has already been paid, the credit note is deducted from the next payment to the supplier. Alternatively, a refund may be requested from the supplier.</p>	School Bursar

Payment of invoices

Step	Description	Requirements / Tasks	Responsibility
11.	Processing payments in Sage	<p>The 'suggest supplier payments' function within the supplier module is used to identify which invoices are due for payment in the weekly BACS run.</p> <p>The cash balance is checked to ensure sufficient cash funds are available to make the suggested payments.</p> <p>The suggested payments are then recorded as being paid in Sage which updates the cash book balance and the supplier account.</p> <p>Excel remittances are prepared and emailed to suppliers where more than one invoice is being paid.</p>	School Bursar
12.	Setting up online payments	<p>The invoices as per the 'suggest supplier payments' list in Sage are collated.</p> <p>Online payments are then set up in the main operating bank account.</p> <p>Bank account details as per the online payment are always checked to the details of the invoice.</p>	School Bursar
13.	Approval of online payments	<p>An excel list of the weekly BACS payments together with the invoices, original purchase requisition forms and GRNs (if applicable) are collated for the Head-teacher.</p> <p>The Head-teacher checks the online payments against the invoices and purchase requisition orders and approves the individual online payments up to a value of £3,000.</p> <p>Invoices with a value in excess of £3,000 can only be approved online by the Chair of Governors (or another approved Governor).</p>	<p>School Bursar</p> <p>Head-teacher</p> <p>Chair of Governors</p>
14.	Filing	The invoices and purchase requisition form are then filed in the purchase order file sequentially by purchase order number.	Admin Assistant

Credit card processing

Step	Description	Requirements / Tasks	Responsibility
15.	Access to and security of credit card	<p>The SBM is responsible for the safe-keeping and security of the school credit card.</p> <p>The SBM can approve for the Caretaker to use the credit card for in-store purchases relating to maintenance expenditure.</p>	SBM
16.	Purchase requisition	A purchase requisition and order needs to be created for all credit card expenditure in line with the same process carried out for supplier purchases paid by invoice.	SBM
17.	Processing credit card transactions	<p>Transactions as per the credit card statement are matched to the purchase orders and invoices on a monthly basis.</p> <p>A separate supplier account has been set up in Sage to record credit card transactions. Each month, the invoices are posted to this supplier account using the 'update ledger' function within the purchase order module.</p>	<p>SBM</p> <p>School Bursar</p>
18.	Matching payment to transactions	<p>The credit card is paid by automatic direct debit each month.</p> <p>The direct debit is matched and allocated to the credit card transactions on the credit card supplier account on a monthly basis.</p>	School Bursar

Appendix III - Payroll

Currently, the payroll function for the school is outsourced to a payroll provider (Newcastle City Council "NCC"). The school needs to ensure that information is provided to NCC on time and that sufficient details are given.

Once NCC have processed the salaries for the school it is important that adequate checks are carried out to ensure that the figures are accurate.

Step	Description	Requirements / Tasks	Responsibility
1.	Starters & Leavers	<p>For each new employee a form must be sent to NCC. The form must give full details of the starter including pay grade, commencement date etc. A copy should be retained by the school in their respective personnel file.</p> <p>If there are any leavers in the month, NCC must be notified and the date of exit confirmed. A copy should be retained by the school in their respective personnel file.</p> <p>If there are any changes to contracts in the month, NCC must be notified and the date of exit confirmed. A copy should be retained by the school in their respective personnel file.</p>	SBM
2.	Information prepared	<p>Once NCC have been notified of all new starters and leavers, an information pack can be prepared.</p> <p>This should contain any additional information that affects the payroll, i.e. pay increases, overtime completed, salary deductions etc.</p> <p>This information can then be sent to NCC for the monthly processing. This must be completed by 10th of each month.</p> <p>The SBM checks this information to ensure it is complete and correct.</p>	SBM
3.	Salary processing	<p>Once NCC have received the relevant information, they will calculate the salaries for each employee of the school, including PAYE and NI contributions and pension deductions.</p>	NCC
4.	NCC reports	<p>Once NCC have processed the salaries they will send a report back to the school.</p> <p>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.</p> <p>This report is authorised by the Head-teacher.</p>	School Bursar and Head-teacher

Step	Description	Requirements /Tasks	Responsibility
5.	Posting of monthly salary journal	A monthly salary journal is recorded in Sage to account for staffing costs according to gross salary, employer NI and pension and by staffing classification (teaching, teaching support, admin support, catering and premises).	School Bursar
6.	Payment made	Once the information from NCC has been checked, the payment can be made via BACS from the school to NCC so that monthly salary payments can be made to staff, together with payments to HMRC and pension providers.	NCC

Appendix IV - Cash book accounting, Bank reconciliation and Banking

This section outlines the procedures carried out to record cash book transactions and reconcile the bank account.

The SBM is responsible for ensuring all monies are banked on a regular basis.

Cash book postings

Step	Description	Requirements / Tasks	Responsibility
1.	Bank statements	Online bank statements are available for the main operating bank account. The monthly bank statement is downloaded into excel. A column is added to the spreadsheet to detail the Sage nominal code for each transaction.	School Bursar
2.	Grant receipts	Grant receipts are posted to the relevant Sage nominal code using the 'bank receipt' function within the 'bank accounts' module, on a weekly basis.	School Bursar
3.	Lunch and wraparound receipts	Totals for lunch income and wraparound income are calculated as per the bank statement spreadsheet and entered as single monthly figures into Sage using the 'bank receipt' function within the 'bank accounts' module.	School Bursar
4.	Other customer receipts	Other customer receipts where a sales invoice has been raised in Sage are posted using the 'customer receipts' function within the 'bank accounts' module, on a weekly basis.	School Bursar
5.	BACS supplier payment postings	The cash book postings in respect of suppliers paid by BACS are generated when payments are posted through the 'suggested payments' function within the suppliers module (see Appendix III, point 12).	School Bursar
6.	Direct debit payments	Direct debit payments are allocated to purchase invoices in Sage through the 'supplier payment' function within the supplier module, on a weekly basis.	School Bursar
7.	Other payments	Other payments, for example, HMRC taxes and pensions, are posted in Sage through the 'bank payments' function within the 'bank payments' module, on a weekly basis.	School Bursar

Bank Reconciliation

Step	Description	Requirements / Tasks	Responsibility
8.	Bank reconciliation	Bank reconciliations are prepared on a monthly basis. The bank reconciliation function in Sage is used whereby all cash book transactions are matched against the bank statement and marked as 'matched' in Sage.	School Bursar
9.	Reconciling items	Reconciling items are identified as part of the reconciliation process and investigated and resolved accordingly.	School Bursar
10.	Complete reconciliation	The Sage generated bank reconciliation report is extracted from the system and saved as a PDF. The bank account is marked as 'reconciled' in Sage so that all associated transactions with the reconciliation are marked with 'R', indicating reconciled, in Sage.	School Bursar
11.	Review and sign off	The Head-teacher reviews the bank reconciliation on a monthly basis and signs the bank reconciliation to evidence review.	Head-teacher

Banking

Step	Description	Requirements / Tasks	Responsibility
12.	Cash deposits	Cash deposits are deposited at the local bank and the bank receipt is retained as evidence of the deposit. Deposits would be recorded in the 'paying in' book.	SBM

Appendix V – General ledger

Step	Description	Requirements / Tasks	Responsibility
1.	Posting of journals in Sage	<p>Manual journals are posted in Sage as part of the month end process in respect of the following routine transactions:</p> <ul style="list-style-type: none"> ▪ Monthly payroll journal (based on information provided by NCC) ▪ Accrued and deferred income ▪ Accruals and prepayments <p>The above transactions are supported with excel spreadsheets (saved on the School's network) detailing the basis of the transactions and calculations.</p> <p>For any non-routine journals, supporting documentation is attached to the journal posting in Sage.</p>	School Bursar
2.	Approval of journals	<p>A list of monthly journals is downloaded from Sage into excel after the month end close. A column is added to the spreadsheet to include notes and details of supporting documentation for each journal posting.</p> <p>This list is emailed to the Head-teacher for review and approval on a monthly basis.</p>	School Bursar / Head-teacher
3.	Monthly reconciliations	<p>The balance sheet is reconciled fully on a monthly basis including:</p> <ul style="list-style-type: none"> ▪ Fixed asset reconciliation (Sage balances to excel fixed asset register) ▪ Purchase ledger control account reconciliation ▪ Sales ledger control account reconciliation ▪ Payroll control account reconciliation ▪ Bank reconciliation 	School Bursar

Appendix VI - VAT

WNA is registered for VAT with a registration number of 154 1671 20. VAT is paid on all eligible good and services and is then recovered from HMRC on a quarterly basis.

The following VAT return dates are applicable:

Period	Submitted to HMRC by:
February – April	7 th June
May - July	7 th September
August - October	7 th December
November - January	7 th March

The Sage system generates the VAT information required by HMRC. The process for accounting for VAT and submitting VAT returns is as follows:

Step	Description	Requirements / Tasks	Responsibility
1.	Ensure correct coding of expenditure	<p>Transactions are recorded in Sage based on the following VAT codes:</p> <p>To Zero rate invoice (0%)</p> <p>T1 Standard rate invoice (20%)</p> <p>T2 Exempt invoice</p> <p>T5 Reduced rate invoice (5%)</p> <p>T9 Outside scope of VAT</p>	School Bursar
2.	Information prepared and checked	<p>Each quarter the VAT return is generated in Sage.</p> <p>Sage generates 'verification results' reports which detail potential errors / anomalies, for example incorrect tax codes.</p> <p>The results of these reports are checked on a line by line basis and amendments made where necessary.</p> <p>A paper copy of the VAT return is retained and a PDF soft copy saved to the School's network.</p>	School Bursar
3.	Approval of VAT return	<p>The VAT return is approved by the Head-teacher.</p> <p>The VAT return is then submitted by the School Bursar to HMRC using the 'making tax digital' software in Sage.</p>	<p>Head-teacher</p> <p>School Bursar</p>
4.	Posting of VAT journal	Once the VAT return is complete and submitted, an automatic journal is posted in Sage to record the VAT recoverable in the VAT control accounts.	School Bursar
5.	Clear VAT control accounts	At the end of each quarter, the VAT control accounts are cleared to nil.	School Bursar

Appendix VII – Bank Accounts Memorandum

Opening / closing bank accounts

The opening and closing of bank accounts must be approved by the FPPC and evidence of this approval must be retained (for example in the minutes).

Authorised signatories

The table below details the authorised signatories and their authority levels:

Signatory	Set up online payments	Approve online payments up to £3,000	Approve online payments over £3,000
Head-teacher	No	Yes	No
School Business Manager	Yes	No	No
School Bursar	Yes	No	No
Chair Governors	No	Yes	Yes
Chair FPPC	No	Yes	Yes
Member of FPPC	No	Yes	Yes

Dual authority

IT controls exist for the online bank account such that two authorised signatories are required to make an online payment:

- One signatory sets up the payment
- One signatory approves the payment

Withdrawal of access

Withdrawal of access for outgoing staff and governors should be dealt with promptly by the Head-teacher or School Business Manager.