

Name of Policy: Financial Procedures Handbook	Version/Last Review Date: Oct 2018
Statutory documents linked to policy: Academies Financial Handbook	Previous review date:
Other Policies linked to this policy: Banking & Finance Policy Expenses Policy Financial Procedures Policy Fraud Policy Gifts & Donations Policy Purchasing Policy Reserves Policy	Next Review Date: Oct 2019
Governor Committee Responsible	Finance & Property

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.

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 Funding Agency ("EFA").

West Newcastle Academy ("WNA") must comply with the principles of financial control outlined in the academies guidance published by the EFA. 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.

Organisation

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

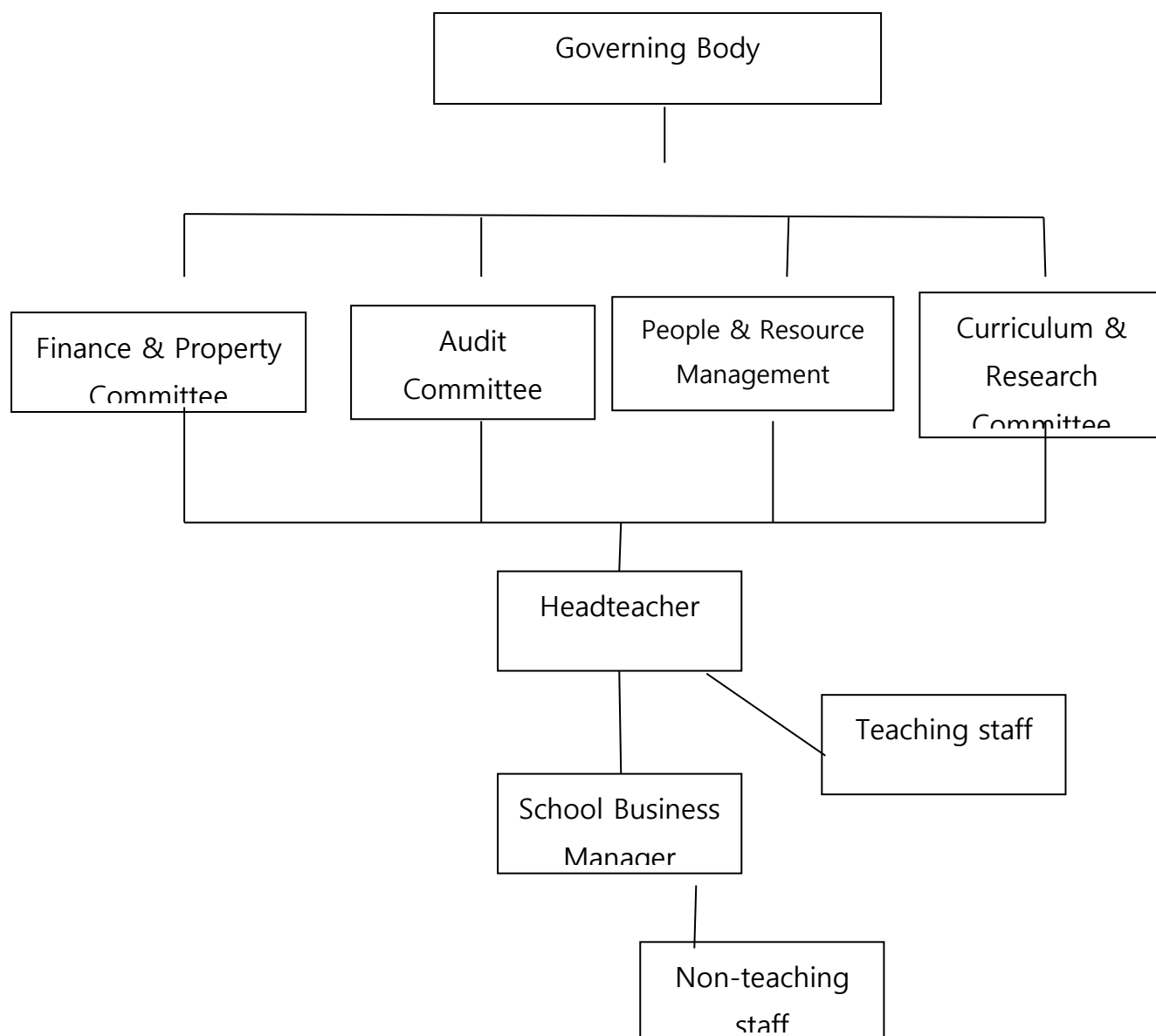
This handbook will be reviewed and updated annually. All amendments/additions will be agreed by the Finance and Property Committee.

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 EFA is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the school's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget; and
- appointment of the headteacher

The structure of the governing body is as follows:



The Finance & Property Committee

The Finance & Property Committee is a sub-committee of the Full Governing Body ("FGB") which meets monthly throughout an academic year.

The main responsibilities of the Finance & Property Committee 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 produced in accordance with the requirements of the Companies Act 2006 and the DFE guidance issued to academies;
- making recommendations and reports to the FGB;
- receiving reports from the Audit Committee; and
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the FGB

The Governing Body will accept reports and recommendation from the Finance & Property Committee, and ascertain what action is needed.

The headteacher

As approved by the Governing Body the headteacher has overall executive responsibility for all activities including financial activities. Much of the financial responsibility has been delegated to the School Business Manager ("SBM"), but the headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Governing Body have agreed should be approved by them;
- authorising expenditure up to £5,000, in conjunction with the SBM; and
- signing cheques in conjunction with the SBM (or other authorised signatories if the headteacher is not available).

The School Business Manager ("SBM")

The SBM works in close collaboration with the headteacher, and she is responsible to the governors. The main financial responsibilities of the SBM are as follows:

- the day to day management of financial issues including the establishment and operation of a suitable finance system;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the FGB;
- 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 school;

- the preparation of monthly management accounts;
- signing cheques in conjunction with the headteacher (or other authorised signatories if the headteacher is not available); and
- ensuring the relevant forms and returns are sent to the EFA in line with the timetable in the EFA guidance

Other staff

Other members of administrative staff (e.g. Finance Assistant), will 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.

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. This register is open to public inspection.

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

The existence of a register of business interests does not, of course, detract from the duties of 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.

Accounting system

All the financial transactions of WNA must be recorded on Sage. Sage consists of a Purchase Leger, a Sales Leger and a Payroll ledger, and bank reconciliations and journal entries should be used to record all relevant data.

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.

Access to the component parts of the Sage can also be restricted and the SBM is responsible for setting access levels for all members of staff using the system.

Back-up procedures

The SBM is responsible for ensuring that there are effective back up procedures for the system. Data is copied onto a hard drive and stored off-site. Backup copies are taken on a weekly basis. Backups taken are tested half-termly.

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

The SBM 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.

Transaction processing

The SBM, headteacher and the Chair of Governors are authorised signatories.

All transactions entered on Sage must be authorised in accordance with the procedures specified in this handbook. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the handbook.

All journal entries must be supported by relevant documents and authorised by the SBM prior to being entered on Sage.

Bank transactions are processed by the SBM or the finance assistant and the entries are checked, and signed to evidence this check, by the SBM or the headteacher.

Transaction reports

The SBM will review system reports to ensure that only approved transactions are posted to the accounting system. The report obtained and reviewed will include:

- the monthly audit trail reports; and
- management accounts summarising expenditure and income against budget

Reconciliations

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

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

Any unusual or long outstanding reconciling items must be brought to the attention of the headteacher. The headteacher will review and sign all reconciliations as evidence of her review.

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.

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.

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

School Development Plan

The SDP is concerned with the current aims and targets of the school and how they are to be achieved - that includes matching WNA's objectives and targets to the resources expected to be available. Plans are kept relatively simple and are reviewed periodically.

Annual budget

The SBM and headteacher are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the headteacher, the Finance & Property Committee and the Governing Body.

The approved budget must be submitted to the EFA by 30 July each year and the SBM 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 EFA 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.

Balancing the budget

Monthly comparison of 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.

Finalising the budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the SBM for approval by the headteacher, The Finance & Property Committee 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.

Monitoring and review

Monthly management reports are prepared by the SBM. The reports will detail actual income and expenditure against budget for the headteacher and The Finance & Property Committee, prepared on a cash basis.

Any potential overspend against the budget must be discussed with the headteacher.

The monthly monitoring process should be effective and timely in highlighting variances in the budget so these differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to transfer money from another budget or from the contingency fund. All budget virements in excess of £5,000 must be authorised by The Finance & Property Committee and reported to the FGB.

Payroll

The main elements of the payroll system are:

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

Staff appointments

The headteacher has authority to appoint staff within the authorised establishment 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. They provide a detailed summary for a

journal to be raised.

For further details, see the Payroll procedures in Section 1.

Purchasing

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

- Economy - minimising the costs of resources used having regard to the appropriate quality;
- Efficiency - the relationship between the output (however measured) and the resources used to generate this output; and
- Effectiveness - the extent to which the objectives are achieved and the relationship between the actual and the intended outputs from an activity.

For further details, see the Purchasing procedures in Section 2.

Forms of tender

The three forms of tender are described below.

- **Open tender**

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the SBM how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

- **Restricted tender**

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

- there is a need to maintain a balance between the contract value and administrative costs;
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply to the school'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 above methods have resulted in either no or unacceptable tenders;
- only one or very few suppliers are available;
- extreme urgency exists; and
- additional deliveries by the existing supplier are justified

For further details, see the Tendering procedures in Section 3.

Income

The main sources of income for WNA are the grants from the EFA. The receipt of these sums is monitored directly by the SBM who is responsible for ensuring that all grants due to the school are collected. The school may also receive nominal amounts of income from the sale of school uniforms.

For further details, see the Income procedures in Section 4.

Bank accounts

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

Deposits

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

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

Payments and withdrawals

All cheques and other instruments authorising withdrawal from school bank accounts must bear the signatures of both the headteacher and the SBM.

In the absence of one of the above, either the Chair of Governors and/or the Chair of Finance & Property Committee can authorise such payments.

This provision applies to all accounts, public or private, operated by or on behalf of the FGB of the school.

Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure, unless also countersigned by a different signatory by way of prior authorisation.

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

Register of business 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 staff with financial or spending powers are required to declare any financial interests they have in companies or individuals from whom WNA may purchase goods or services.

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 school. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person. The register will be updated on an annual basis. All staff are required to submit a return, including a 'Nil' return where relevant. The first item on the agenda at all FGB and sub-committee meetings is the declaration of business interests by attendees.

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 governing body or a 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.

Purchasing Process

Purchases invoices can originate in the following streams:-

- **Through the purchase ordering process** - This will be the standard purchasing process, and includes items such as classroom supplies.

- **Not through the purchase ordering process** - This will be used for expenditure such as:
 - rent, rates and taxes;
 - utilities i.e. water, gas, electricity and telephone (mobiles & landline);
 - refuse disposal and sanitary bins collection;
 - franking machine top-up;
 - subscription and licence renewals;
 - mileage/conveyance;
 - hospitality;
 - supply cover;
 - exam staff and exam fees;
 - educational visit costs;

- DBS Clearance, recruitment screening and, occupational health;
- payment against contracts (i.e. photocopiers, security, catering, sanitary disposal, water fountains, payroll provider etc);
- emergency building repairs, call charge invoices (i.e. fire/intruder alarm, lift or gas maintenance calls); and
- transport hire costs

Administration

The SBM must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The following should be considered:-

- all bank accounts are reconciled to the school's cash book;
- reconciliations are prepared by the SBM;
- reconciliations are subject to an independent monthly review carried out by the SBM and headteacher; and adjustments arising are dealt with promptly

Petty cash accounts

The school will hold a petty cash float of £30.00.

Payments and withdrawals

In the interests of security, petty cash payments will be limited to £20.00. Higher value payments should be made by cheque directly from the main bank account as a cash book payment. Staff expenses including travel, parking and hotel accommodation will only be paid to staff in accordance to the staff expenses policy.

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 or re-allocate to cover potential cash shortages elsewhere.

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.

For further details, see Cash & Bank procedures in Section 5.

Fixed assets - asset register

All items purchased of a significant value must be entered in an asset register. The asset register should include the following information:

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

The asset register helps:

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

Security of assets

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

All the items in the register should be permanently and visibly marked as the school's property and there is a quarterly count by the administrator. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the headteacher. Inventories of school property should be kept up to date and reviewed monthly. Where items are used by the school but do not belong to it this should be noted.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the SBM or headteacher, and, where significant, should be sold following competitive tender. The school must seek the approval of the EFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence 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 reinvested 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.

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.

Annual Assessment of Assets

Every quarter, the SBM will check that all items recorded on the Asset Register are still within school premises/ownership. Any missing items should be investigated and reported to the headteacher. Any significant missing items should be reported to the governors. Any theft will be reported to the police.

VAT

For further details, see VAT guidance in section 6.

Detailed procedures

Section 1:	Payroll
Section 2:	Purchasing
Section 3:	Tenders
Section 4:	Income
Section 5:	Cash and Bank
Section 6:	VAT

Section 1 - Payroll

Currently the payroll function for the school is outsourced to a payroll provider (currently Newcastle City Council ("NCC")). Therefore 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 and complete.

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</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>	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>	Newcastle City Council

Step	Description	Requirements / Tasks	Responsibility
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>The SBM checks this information and it is authorised by</p>	SBM and Headteacher
5.	Preparing Journal	<p>A journal can be prepared ensuring that all staff are coded to their correct cost centres and that PAYE and NI contributions are accounted for correctly on the system</p>	SBM
6.	Posting of Journal	<p>The journal can now be posted onto the system and information filed accordingly.</p>	SBM
7.	Payment made	<p>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.</p>	SBM and Headteacher

Section 2 – Purchases

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

Ordering, quotations and value for money

Step	Description	Requirements / Tasks	Responsibility
1a)	Orders up to £100	Are ordered by the Administrator, once approval has been given by SBM or headteacher.	Originator
1b)	Orders £100 - £1,000	Are ordered by the Administrator, once approval has been given by SBM or headteacher. The originator may suggest a supplier, but the SBM decides on supplier to ensure the 'best value' product.	SBM
1c)	Orders £1,000 - £15,000	Three quotations must be obtained to identify the best source of the goods/services when appropriate. These details should be retained by the budget holder. Telephone quotes are acceptable if followed by an email confirmation.	SBM and Headteacher
1d)	Orders £15,000 - £50,000 inc. VAT.	As above but authorised by Finance and Property Committee prior to proceeding.	Finance& Property Committee
1e)	Orders over £50,000	Formal tendering process to apply (see below).	Full Governing Body

Requisition and processing

Step	Description	Requirements / Tasks	Responsibility
2.	Purchase order form	<p>Once the supplier has been selected, the purchase order form needs to be completed.</p> <p>It should be checked to see if there is sufficient budget in place before any orders are placed.</p> <p>It can then be passed across to the authoriser(s).</p>	Originator
3.	Processing onto the finance system	<p>Once the order has been authorised, it can be entered onto the accounting system.</p> <p>The SBM will allocate the items to the relevant nominal codes.</p> <p>Ensure the correct supplier has been selected and include any relevant information required.</p> <p>The accounting package system will only allow orders</p>	SBM
4.	Authorisation	The SBM will then authorise the printed purchase order form.	SBM
5.	Placing the order	<p>The order can then be placed with the supplier by telephone or emailing the purchase order to them.</p> <p>All authorised orders will be filed sequentially for the audit file.</p>	Administrator
6.	Delivery	<p>When the order is delivered, goods must be checked to the Goods Received Note ("GRN").</p> <p>Goods should also be checked for quality and any sub-standard items must be returned and noted on the GRN.</p>	Administrator

7.	Purchase order checked to GRN	The purchase order on the system is then checked to the GRN and any discrepancies noted on the suppliers account. The GRN is then filed with the relevant Purchase Order invoices received for goods received	Administrator
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Receiving invoices

Step	Description	Requirements / Tasks	Responsibility
8.	Invoice received	When the invoice is received it is matched with the purchase order and checked to ensure we have only been charged for what we have ordered/received. Discrepancies must be discussed with the SBM.	Administrator
9.	Inputting on to the system	Once the invoice has been matched to the purchase order, it can then be entered onto the purchase ledger system using the invoice function. Ensuring that the correct supplier has been selected and that sufficient information is entered such as invoice number, date of invoice etc.	SBM
10.	Stamping of invoice	The invoice can then be stamped and relevant boxes filled in.	SBM
11.		The invoice is now ready for payment and should be filed in the invoices awaiting payment file.	Administrator

12.	CREDIT NOTES	<p>If a credit note is received check it against the supplier account and ensure you can tie it back to the original order.</p> <p>Input the credit note onto the system using the credit note function on the sales ledger.</p> <p>Check whether the invoice has been paid or if it is pending the receipt of the credit note.</p> <p>If the invoice has been paid ensure that the credit note is taken off the next payment to the supplier. Alternatively, request a refund from the supplier.</p> <p>If the invoice has not been paid, when processing for payment ensure that the payment amount is the original invoice less credit note.</p>	SBM
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Payment of invoice

Step	Description	Requirements / Tasks	Responsibility
13.	Authorise invoice	Check that the purchase order has been authorised by the SBM or headteacher.	Finance assistant
14.	Processing	Select the invoices for payment on the purchase ledger system. Ensure that all credit notes relating to the suppliers have been deducted where possible.	Finance assistant
15.	Cheque Run	Write out cheques and include remittance advices, following cheque payment protocols.	Finance assistant

16.	Authorising	Once the cheque payment has been raised, the invoices/payments can then be authorised by 2 of the nominated signatories.	SBM and headteacher
17.	Alto card purchasing	Where possible, payment should be made using the school's pre-paid Alto card so that adequate financial controls can be maintained.	SBM
18.	Filing	File the invoices sequentially by the purchase order number.	Finance assistant

Section 3 - Tender

Full consideration should be given to:

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

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

Invitation to Tender

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

An invitation to tender should include the following:

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

Aspects considering financial factors

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

Technical / Suitability

- qualifications of the contractor;
- relevant experience of the contractor;
- descriptions of technical and service facilities;
- certificates of quality / adherence with standards;
- quality control procedures; and
- details of previous sales and references from past customers

Other Considerations

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

Tender Acceptance Procedures

- the invitation to tender should state the date and time by which the completed tender document should be received by the academy;
- tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents;
- the envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening; and tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

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

- for contracts up to £25,000 - the SBM and the headteacher;
- for contracts over £25,000 – the SBM, the headteacher and a member of the Finance and Property Committee

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

Tendering Procedures

- the evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process;
- those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence;
- full records should be kept of all criteria used for evaluation and for contracts over £25,000, a report should be prepared for The Finance and Property Committee highlighting the relevant issues and recommending a decision;
- for contracts under £25,000, the decision and criteria should be reported to The Finance and Property Committee;
- where required by the conditions attached to a specific grant from the EFA, the department's approval must be obtained before the acceptance of a tender;

- the accepted tender should be the one that is economically most advantageous to the school, after taking into account all relevant factors. All parties should then be informed of the decision; and for the accepted tender, references will be sought on their financial, competence/ability to fulfil the contract under the stated timeline

Section 4 - Income

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

Step	Description	Task	Responsibility
1.	Customer Enquiry	When a potential customer enquires about hiring the School's facilities or purchasing school uniform. The customer must be given clear and precise information on the cost, availability and any special requirements (i.e.) insurance needs.	Administrator
2.	Completing order form	Once the customer has confirmed they would like to continue with the order, the appropriate documentation must be filled out. For facilities booking the hirer must complete the booking form in full including details of why the facility is being hired. (sports club, prayer group etc.). The SBM must advise the hirer if they are insured through the School's policy or if further cover is needed. If the customer is purchasing equipment/goods from	Administrator and SBM
3.	Entering data onto the financial system	The order can be entered onto the financial system ensuring they are coded to the correct income centres and nominal codes.	Finance assistant / SBM
4.	Create invoice	Raise an invoice to send to the customer for their records	SBM
5.	Print Invoice	Print 2 copies of the invoice, one for the customer and one for internal purposes.	SBM
6.	Send Invoice	Send invoice to customer and file internal copy in numerical order.	SBM

Receipt processing and chasing of debts

Step	Description	Task	Responsibility
7.	Payment received	The customer should then send a payment via cheque, cash or BACS along with a remittance advice detailing which invoices they are paying (some may just send back copies of the sales invoices).	SBM
8.	Banking , cash or cheques	The payment should then be banked with clear details entered in the paying book, including customer, invoice and amount.	Administrator
9.	Update ledger	The ledger can be updated to show that payment has been received. It is a good idea to enter the paying book reference in case any queries arise later on.	SBM
10.	Chasing of Debts	Aged debtor report run monthly. Debts older than 30 days chased.	SBM

Section 5 - Cash & Bank

This section outlines the procedures required to process receipts and payments from the bank and/or petty cash.

The SBM is responsible for ensuring all monies are banked on a regularly basis and that no cash above the insured limited is kept in the safe.

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

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

Payment process

Step	Description	Task	Responsibility
1.	Payments	Identify the payments on the bank statement highlighting those that are cheque payments or those that have automatically been debited from the account.	SBM
2.	Cheques	All cheque payments should already appear on the system as they would have been allocated to an invoice/supplier. If any cheques are not on the system it should be checked who the payment was to from the cheque stubs or cheque run reports. Once the payment is identified it should be allocated to the correct supplier.	SBM
3.	Automated Payments	Automated payments will need to be allocated to the correct supplier and posted onto the system. Bank interest payments or maintenance costs will need to be posted direct to the cost code, either through the bank payment function on the system or by journal.	SBM

Receipt processing

Step	Description	Task	Responsibility
4.	Receipts	Identify the receipts on the bank statement highlighting those that were banked using the paying in book and those that have automatically been credited to the account.	SBM
5.	Paying Book	Receipts from customers should already have been allocated on the system against the correct invoice/customer. Any amounts from the paying in book that has not been entered onto the system need to be investigated. Once it is identified what the receipt is for and confirmed that it is not already been posted	SBM
6.	Automated Credits	Automated credits to the bank account should be identified and matched to the correct customer. Credits for bank interest should be posted onto the system using the bank receipt function or by a journal.	SBM

Alto card processing

Step	Description	Task	Responsibility
7.	Purchase requisition form	Before expenditure is incurred, the originator should complete a purchase requisition form. The SBM will confirm available budget and authorise the purchase. The SBM will also assign the nominal code.	Originator/ SBM
8.	Ordering	The goods/service can be ordered. The receipt is attached to the signed requisition form. The details of the purchase are entered onto the Alto Card Record Sheet (excel document). A record of VAT paid should be kept.	Administrator or finance assistant
9.	Update accounting software	Weekly, all transactions will be entered onto Sage. The balance on the Alto Card and all transactions recorded on the Alto Card Record Sheet will be cross referenced to the online Alto Statement. Any discrepancies will be investigated by the SBM.	SBM / finance assistant
10.	Reconciliation	Monthly, all transactions are checked against the Alto Card Statement and Sage Transactions. This are checked by the SBM and countersigned by the headteacher.	SBM and headteacher
11.	Reload Alto Card	When the balance on the card falls below £500, the card can be re-loaded with credit from the current account. The appropriate form is completed and signed off before being sent to the bank.	SBM

Bank Reconciliation

Step	Description	Requirements / Tasks	Responsibility
12.	Bank statements	Ensure bank statements have been received and if not then request copies.	SBM
13.	Bank reconciliation	<p>Going into the bank reconciliation function on the system and select all items that have appeared on the bank statement.</p> <p>Ensure a copy of the previous reconciliation is kept to hand, and mark off any items that have cleared subsequently.</p> <p>If this function is not available on the accounting</p>	SBM
14.	Identify reconciling items	<p>Any items appearing on the system but not on the bank statement need to be included on the reconciliation.</p> <p>Items on the bank statement that have not been posted due to lack of information also need to be included</p>	SBM
15.	Complete reconciliation	Complete the reconciliation.	SBM
16.	Old items	Any items that are older than 3 months need to be investigated. Cheques that have not been presented may need to be re-issued.	SBM
17.	Signed off	<p>Once the reconciliation has been completed and any old items investigated, the report should be given to the headteacher.</p> <p>The headteacher will review the reconciliation and authorise it.</p>	Headteacher

Section 6 - VAT issues

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 reclaimed from HMRC.

Reclaiming of VAT generally takes place quarterly, but at times of increased expenditure (e.g. during capital projects) the decision may be made by the Finance and Property Committee to reclaim VAT monthly.

When reclaiming quarterly, the following VAT return dates are used:

Period	Return to HMRC due
1 st Dec – 28 th / 29 th Feb	7 th Apr
1 st Mar – 31 st May	7 th Jul
1 st Jun – 31 st Aug	7 th Oct
1 st Sep – 30 th Nov	7 th Jan

The Sage finance system will produce the information required by HMRC. The process for submitting VAT returns is as follows:

Step	Description	Requirements / Tasks	Responsibility
1.	Ensure correct coding of expenditure	Every transaction should have the correct VAT code specified on Sage to reflect the amount shown on the invoice. Where possible VAT receipts should be obtained for all expenditure on the Alto card and a note made	Finance assistant and SBM
2.	Information prepared and checked	At the appropriate interval, the Sage system will be used to calculate the amount of VAT paid. Usually a refund from HMRC will be due to the nature of the school's activities. At this stage, a manual check should be made of any errors or queries that the system raises. The VAT return information is printed and filed in the	SBM
3.	Posting of journal	The journal can now be posted onto the system and information filed accordingly. This is done automatically by Sage and reclaimed VAT is posted to the VAT control account	SBM
4.	Clear VAT control account	The VAT Control Account should be cleared to nil.	SBM

Once the correct figures have been extracted from the Sage system, the VAT claim can be processed on the HMRC website to claim back money owed or to pay VAT liability.

It should be noted that VAT is an extremely complex area, and any queries should be referred to the School's accountants (currently Ryecroft Glenton).