



FINANCE POLICY

Approved: September 2020
Date of Review: September 2023

1 Introduction

- 1.1** The purpose of the policy is to ensure that the Academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DFE).
- 1.2** The academy must comply with the principles of financial control outlined in the academies guidance published by the DFE. This policy provides detailed information on the Academy's accounting procedures and should be read by all staff involved with financial systems.

2 Organisation

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Governors and Staff. The financial reporting structure (in accordance with the Scheme of Delegation) is illustrated below:

The Governing Body

- 2.1** The Governing Body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement (and any related Deeds of Variation) between the Academy and the DFE / EFA and in the Academy's scheme of government. The main responsibilities include:
- Ensuring that grant from the DFE is used only for the purposes intended
 - Ensuring that funds from sponsors are received according to the Academy's Funding Agreement (and associated Deeds of Variation), and are only used for the purposes intended
 - Approval of the annual budget
 - Appointment of the Principal
- 2.2** Authorisation of the advertising of tenders above £172,514 (current OJEU tender threshold for public sector procurement), and authorising the award of such tenders.
- 2.3** Tenders other than that showing the Best Value for Money can only be accepted by the Governing Body who shall minute the reasons for their decision.

Income

- 2.4** Authorisation of the write off of debts not collectable over £5,000

Security of Assets

- 2.5** Authorisation of the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value in excess of £5,000.

Accounts and Audit

- 2.6** Approve Finance Committee to;
- Appoint external auditors.
 - Review the draft financial statements prior to audit and approval of the audited financial statements prior to submission to the Secretary of State by 31 December.

- Receive the reports of the external auditor.
- Receive the reports of the Responsible Officer on the use of resources, systems of internal financial control, and discharge of financial responsibilities.

2.7 Inform the EFA if it suspects any irregularity affecting resources.

Personnel

2.8 The sponsors shall jointly appoint a person to be the Principal.

2.9 The Principal's review group, which must include the two principal sponsors, may make a decision to suspend the Principal/CEO after taking advice from the HR department.

2.10 The full board must be consulted prior to any possibility of the dismissal of the Principal. After taking into account the views of all directors/members the Principal's review group will make the decision to dismiss the Principal.

2.11 The two principal sponsors and the Principal shall appoint all operational directors reporting to the Principal.

3 Powers and Duties Delegated to the Finance Committee

The Finance Committee shall be responsible for:

General

3.1 Exercising the powers and duties of the Governing Body in respect of the financial administration of the Academy, except for those items specifically reserved for the Governing Body and those delegated to the Principal and other staff.

3.2 Reporting on decisions taken under delegated powers to the next meeting of the Full Governing Body.

Budgets/Budgetary Control

3.3 Reviewing the annual Academy budget prior to the start of each financial year and recommending its acceptance, or otherwise to the Governing Body.

3.4 Authorisation of all changes to the forecast surplus/deficit up to £100,000. Details of all changes to the forecast surplus/deficit approved and authorised by the Finance Committee are to be formally notified to the Governing Body.

3.5 Considering budgetary control reports on the Academy's financial position at every meeting, taking appropriate action to contain expenditure within the budget and report to the Governing Body.

3.6 Reviewing the virement of sums between budget heads, subject to a limit of £100,000, as approved and authorised by the Principal and Director of Finance & Operations, which are to be formally notified to the Finance Committee who shall minute the notification.

3.7 Reporting to the Full Governing Body all significant financial matters and any actual or potential overspending.

Purchasing

3.8 Authorising the award of orders and contracts over £50,000 and up to £172,514.

Income

3.9 Authorisation of the write off of debts not collectable between £1,000 and £5,000

Security of Assets

3.10 Ensuring that there are annual independent checks of assets and the asset register.

3.11 Authorising the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value of up to £5,000 and reporting such authorisations to the Governing Body.

Accounts and Audit

3.12 Reviewing the draft financial statements and highlighting any significant issues to the Governing Body, prior to submission to the Secretary of State by 31 December.

3.13 Appointment of the external auditors.

3.14 Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and control. These reports must also be reported to the Governing Body.

4 Financial Powers and Duties Delegated to the Principal

The Principal has delegated powers and functions in respect of internal organisation, management and control of the Academy, the implementation of all policies approved by the Governing Body and for the direction of teaching and the curriculum.

The Principal shall be responsible for:

Budgetary control

4.1 Reviewing income and expenditure reports and highlighting actual or potential overspending to the Finance Committee.

4.2 Approving virements between budget headings, with the Director of Finance & Operations over £25,000 which have no effect on the forecast budget surplus/deficit and reporting such approval to the Finance Committee.

Financial Management

4.3 Ensuring the arrangements for collection of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations.

Purchasing

4.4 Authorising orders and contracts over £10,000 and up to £50,000 in conjunction with the Director of Finance & Operations.

4.5 Ensuring that all contracts and agreements conform to the Financial Regulations.

Payroll and Personnel

- 4.6 Approving new staff appointments within the authorised establishment.
- 4.7 Certifying the payment of salaries each month, in conjunction with the Director of Finance & Operations.

Security of Assets

- 4.8 Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc. under his/her control.

Accounts and Audit

- 4.9 The operation of financial processes within the Academy, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.
- 4.10 Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.
- 4.11 Ensuring that all records and documents are available for audit by the appointed external auditors and by the Responsible Officer.

Personnel

- 4.12 Authorising permanent changes to the Academy's establishment except for those posts specifically delegated to the Governing Body.

5 Financial Powers and Duties Delegated to the Director of Finance & Operations

The Director of Finance & Operations shall be responsible for:

Budgets/Budgetary Control

- 5.1 Preparing an annual draft budget plan for consideration by the Finance Committee and Governing Body before the start of the relevant financial year.
- 5.2 Monthly monitoring of expenditure and income against the approved budget and submitting reports on the Academy's financial position to every meeting of the Finance Committee. Any actual or potential overspending shall be reported to the Finance Committee.
- 5.3 Approving virements between budget headings of under £25,000 which have no effect on the forecast budget surplus/deficit and reporting such approval to the Finance Committee.

Purchasing

- 5.4 Authorising orders and contracts up to £10,000 in conjunction with Budget Holders.
- 5.5 Maintaining a register of formal contracts entered into, amounts paid and certificates of completion.
- 5.6 Retention of quotes obtained for goods, works and services.

5.7 Ensuring that all correct invoices are duly certified by authorised staff before payments are made and that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.

5.8 Ensuring the appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments.

Payroll and Personnel

5.9 Ensuring that the monthly payroll is checked, and certifying it for payment in conjunction with the Principal.

Income

5.10 Ensuring that all income is accurately accounted for and is promptly collected and banked intact.

5.11 Authorisation of the write off of debts not collectable below £1,000.

Banking Arrangements

5.12 Maintaining proper records of account and reviewing monthly bank reconciliations.

Insurances

5.13 Ensuring that arrangements for insurance cover are in place and adequate.

5.14 Notifying the Finance Committee on any eventuality that could affect the Academy's insurance arrangements.

Security of Assets

5.15 Maintaining a permanent and continuous register of all items of furniture, equipment, vehicles and plant.

Information and Communication Systems

5.16 Maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act.

6 Financial Powers and Duties Delegated to Other Staff

Members of staff with delegated responsibilities should be aware that these must be exercised in accordance with Financial Regulations.

The following responsibilities are delegated to other staff in addition to the Principal and the Director of Finance & Operations.

Budgets/Budgetary Control

6.1 Heads of Departments appointed as Budget Holders are responsible for checking and certifying monthly statements of expenditure against their delegated budget and for reporting any errors or irregularities to the Director of Finance & Operations or Finance Manager. Any actual or potential overspending shall also be reported to the Director of Finance & Operations.

Purchasing

6.2 Budget Holders can authorise orders up to £1,000 provided it is within the scope and remaining balance of their delegated budget.

6.3 The following members of staff are authorised to receive and check goods:

- Budget Holders
- Administrators nominated by the Director of Finance & Operations

7 Summary of Financial Authorisation Levels

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services (raising requisitions)	Up to £1,000	Budget Holder	Selection from preferred supplier list unless agreed otherwise with DF&O
	£1,001 to £10,000	As above plus Director of Finance & Operations (DF&O)	Minimum of two estimates or price lists
	£10,001 to £50,000	As above plus Principal	Minimum of three written estimates
	£50,001 to £172,514	As above plus Finance Committee	Tender Process
	Over £172,514	Governing Body	Formal tendering process, including advertising in OJEU
	Authority to accept other than best value for money quotation or tender	Governing Body	
Signatories for cheques, BACS payment authorisations and other bank transfers	Any	Two signatories from: Principal Director of Finance & Operations Vice Principal – Curriculum	
Signatories for EFA grant claims and EFA returns	Any	One signatory (or as required by EFA) from: Principal Director of Finance & Operations	
Virement of budget provision between budget heads	Up to £25,000 with no impact on overall budget	Director of Finance & Operations	
	Over £25,000 with no impact on overall budget	As above plus Principal, with reporting to the Finance Committee	
	Up to £100,000 with impact on overall budget	As above plus Finance Committee reporting to Governing Body	
	Over £100,000 with impact on overall budget	Governing Body	
Disposal of assets	Up to £5,000	Principal	
	£5,001 to £20,000	Principal plus Finance Committee	
	Over £20,000	As above, plus EFA approval required for disposal of assets funded with more than £20,000 of EFA grant, or transferred from an LA at nominal consideration	
Write-off of bad debts	Up to £1,000	Director of Finance & Operations	
	£1,001 to £5,000	As above plus Principal reporting to Finance Committee	
	Over £5,000	Governing Body plus EFA approval	
Purchase or sale of any freehold property	Any	EFA approval required	

Granting or take up of any leasehold or tenancy agreement exceeding three years	Any	EFA approval required	
Raising invoices to collect income	Up to £50,000	Director of Finance & Operations	
	Over £50,000	As above plus Principal	

8 Other Documents

- 8.1** Academies Financial Handbook
- 8.2** Scheme of Delegation
- 8.3** IFRS102 & Charities SORP
- 8.4** Credit Card Policy
- 8.5** Gifts & Hospitality Policy
- 8.6** Business Expenses Policy