

{Insert name} Primary Academy

FINANCIAL PROCEDURES POLICY

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1. Introduction

The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform to the requirements of propriety, efficiency and regularity. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Education Funding Agency (EFA).

The academy must comply with the principles of financial control outlined in the Academies Financial Handbook published by the EFA. This manual expands on that and provides detailed information on the academy's accounting procedures and system and should be read by all staff involved with financial systems in conjunction with the Scheme of Delegation of Financial Powers.

2. Register of Interests

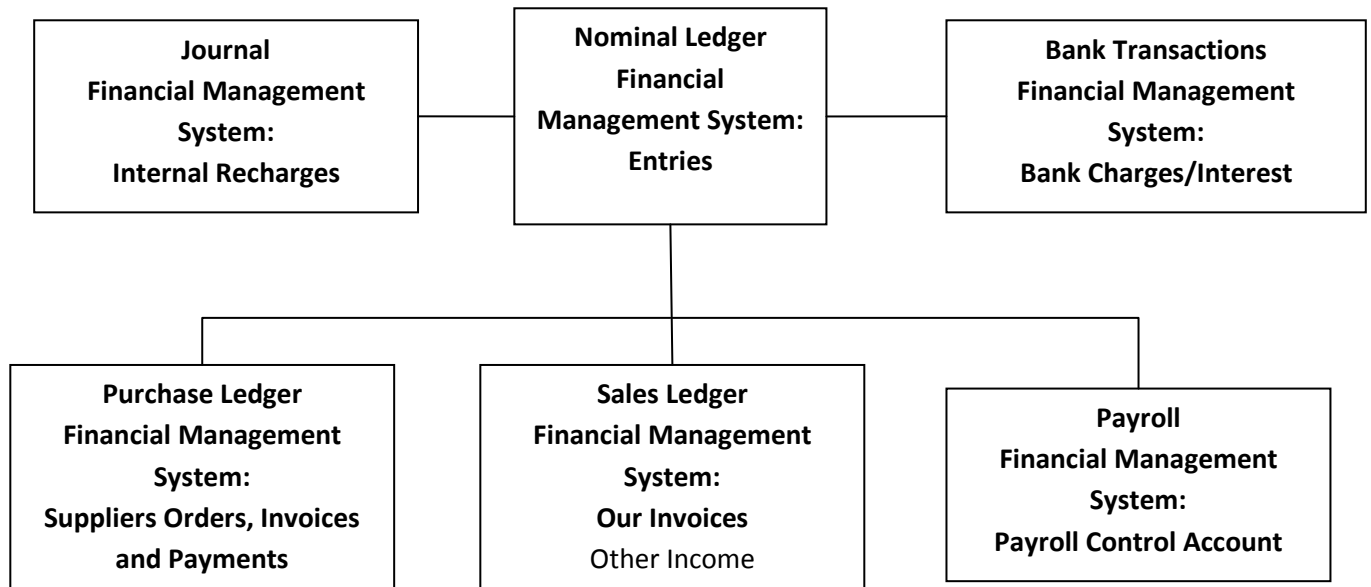
It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy governors and staff with significant financial or spending powers are required to declare any financial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

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

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, governors and staff should not attend that part of any committee or other meeting.

3. Accounting system

All the financial transactions of the academy must be recorded on the Financial Management System. The finance system consists of:-



3.1 System Access

Entry to the Financial Management System is password restricted. Access to the component parts of the system can also be restricted and the Business Manager is responsible for setting access levels for all members of staff using the system.

3.2 Back-up Procedures

The Business Manager is responsible for ensuring that there are effective back up procedures for the system. Incremental updates are backed up remotely each night and rolled up at the end of the month so a full back-up can be mirrored onto tape and held for 7 years remotely.

The Business Manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

3.3 Transaction Processing

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

3.4 Transaction Reports

The Business Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- the weekly audit trail reports;
- payroll, purchase ledger and sales ledger reports
- management accounts summarising expenditure and income against budget

3.5 Reconciliations

The Business Manager 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;
- bank balance per the nominal ledger to the bank statement
- Balance Sheet reconciled
- VAT reconciliation and all other reports required by the MATS

The Academies Principal/Executive Director will review and sign all reconciliations as evidence of this review which should then be checked by the Responsible Officer and the Accounting Officer.

4. Financial planning

The academy in consultation with the MAT prepares both medium term and short-term financial plans. The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years. The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below.

4.1 Development Plan

The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans will be kept flexible and simple – they are the “big picture” within which more detailed plans may be integrated.

Each year the Principal will propose in consultation with the MAT a planning cycle and timetable to the governing body which allows for:

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

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

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

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

4.2 Annual Budget

The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Principal/Executive Director, Finance Committee, Governing body and the MAT.

The approved budget must be submitted to the EFA by the 28th of September each year and the Business Manager and Principal are 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 academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

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 academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

4.3 Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

4.4 Finalising the Budget

A draft budget should be prepared by the Business Manager for approval by the Principal, Executive Director, the Finance Committee and the Governing Body. The budget should be communicated to all staff with responsibility for departmental budgets 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 reports will be prepared by the Business Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal and the Finance Committee. Any potential overspend against the budget must in the first instance be discussed with the Business Manager.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency..

5. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments

5.1 Staff Appointments

The governing body has approved a staffing structure for the academy. Changes can only be made to this structure with the approval of the Finance Committee who must ensure that adequate budgetary provision exists for the proposed changes.

The Principal has authority to appoint staff within the authorised establishment except for the Senior Leadership positions whose appointment must follow consultation with the Executive Director. The Principal is appointed in consultation with the MAT. The Business Manager must maintain personnel files

for all members of staff which include contracts of employment. All personnel changes must be notified to the school business manager.

5.2 Payroll Administration

The academy payroll is being processed by an outsourced consultancy company trading as Strictly Education for the financial year ending September 2013. Master personnel records are held on the SIMS, and HCSS software packages, access to which are password controlled. Password control procedures and backup arrangements are described in section two of this policy. The master record on the packages contain:-

- pay scale
- duty information & hours
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable

Changes to contracts, including details of any new appointments, terminations, contract changes or additional payments are prepared by the Business Manager and must be authorised by the Principal before being submitted to the payroll provider.

New staff can only be added to the payroll with the express authorisation of the Principal. New staff must complete all relevant payroll documents issued by the school office or Business Manager. Failure to do this may result in non payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

The Admin Assistant must complete the monthly staff return which provides details for any sickness and other absences to the 31st of each month to the payroll provider so any necessary adjustments can be made to pay.

Overtime claims must be submitted to the Admin Assistant for checking and coding on the last working day of the month. Payments for teachers must be authorised by Principal prior to submission. Payments for Teaching Assistants and other support staff must be authorised by the Business Manager prior to submission.

5.3 Payments

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total must be provided so it can be reviewed by the Business manager. This should be reviewed against the previous month's gross salary payments to check adjustments have been made for new appointments, resignations, pay increases and to ensure that no payments have been added for non school staff. The print-out must be reviewed and authorised together with authority to release payment by the Business manager and the Principal.

Once approved, Strictly Education the external payroll provider will process all payments via BACS and provide pay slips for staff. Deductions will be made for tax, national insurance, pensions and any child-care vouchers or bike scheme payments due.

After the payroll has been processed the salary information will be added to the Financial Management System and a monthly check run on the budget vs actual. Discrepancies identified will be investigated. On an annual basis the Business manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Principal's office.

6. Non Central Purchasing

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

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;

- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.

6.1 Routine Purchasing

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder after the accounts have been closed for each month.

In the first instance a supplier should be chosen from the list of approved suppliers maintained by the school office. A quote or price should be obtained before any order is placed, except in the case of maintenance calls where the duration and final cost is unknown at the time of call out. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, i.e. a better price is found on the internet, this must be discussed with the Admin Assistant or Business Manager so the school charge card can be used to make the payment or a new supplier set up on the Financial Management System.

All orders must be made, or confirmed, in writing using an official approved purchase order raised on the Financial Management System. Purchase order requests and resource order forms will be available from the school office. The sign off of orders should be in accordance with appendix B.

The Admin Assistant must make appropriate arrangements for the delivery of goods to the academy. On receipt a thorough check of the goods received must be made against the goods received note (GRN) and a record made of any discrepancies between the goods delivered and the GRN. This should be raised immediately with the supplier by the Admin Assistant. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Business Manager should be notified. The Admin Assistant will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Admin Assistant. The Admin Assistant will attach the purchase order and GRN and stamp the invoices to confirm the following checks have been made:-

- invoice arithmetically correct;
- goods/ services received;
- goods/services as ordered;
- prices correct and
- VAT treated correctly

At the end of every week the Admin Assistant will provide the Business Manager with all the checked invoices and supporting documentation, with the payment authorisation form attached, ready to be entered onto the purchase ledger.

The Business Manager or appointed member of staff will then input details of payments to be made to the purchase ledger and generate the cheques or BACs payments required, checking that sufficient funds are available before releasing payment. The cheques or BACs payments (with the associated paperwork) must be authorised by two of the nominated cheque signatories as per Appendix B.

6.2 Orders over £5,000 but less than £25,000

At least three written quotations should be obtained for all orders between £5,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made. Purchases and contracts of between £10,000 and £25,000 will be disclosed to the Finance Committee.

6.3 Orders over £25,000

All goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000 must be subject to formal tendering procedures. For purchases that may fall under EU procurement rules current regulations must be complied with.

6.4 Forms of Tenders

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

- 1) **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Business Manager 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.
- 2) **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 the academy's requirements
 - the cost of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- 3) **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders
 - only one or very few suppliers are available
 - extreme urgency exists
 - additional deliveries by the existing supplier are justified

6.5 Preparation for Tender

Full consideration should be given to:

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

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

6.6 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

6.7 Aspects to Consider

Financial

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

Technical/Suitability

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

Other Considerations

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

6.8 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. Tenders received after the submission deadline should not normally be accepted.

6.9 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 over £25,000 - either the Business Manager or the Principal plus a member of the Finance 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.

6.10 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 Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance 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 academy. All parties should then be informed of the decision.

7. Income

The main sources of income for the academy are the grants from the EFA and from sponsors (if applicable). The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- students, mainly for trips, dinner, uniform sales and clubs
- the public, mainly for lettings

- Other schools and organisations for consultancy services

7.1 Trips

A lead teacher must be appointed for each trip to take responsibility for the organisation of the trip. The sum to be charged for the trip must be discussed and authorised by the Business Manager. The letter and permission slips will then be prepared by the Admin Assistant and a record created of all the students going on the trip. Parents will be encouraged to make all payments using ParentPay or an equivalent system to reduce cash handling in the office. For payments made by cash the Admin Assistant will record the payment as received and issue a receipt for the parent/student. The Admin Assistant should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis so they can chase up additional permission slips and payments.

7.2 Catering Income

Parents should be encouraged to pay dinner money half termly in advance using ParentPay or an equivalent system to reduce cash handling in the office. Details should be sent out at the end of each half term detailing the balance on the dinner money account and detailing the amount to be paid for the coming term. Parents who struggle to pay half-termly may pay weekly but the Admin Assistant should question the parents further to assess whether they may be entitled to free school meals and support them with their application wherever possible.

The Admin Assistant is responsible for checking, entering and banking any locally received dinner money. Anyone else receiving dinner money payments must ensure they are locked in the safe immediately. Dinner money should be checked and entered at least once each week. Receipts should be issued to confirm receipt of payment or account statements printed off when required. The banking must be checked and signed by the Business Manager weekly prior to filing. The Principal must be notified immediately of any discrepancies. Monthly reconciliation should take place.

7.3 Dinner Numbers Reconciliation

Where academies meet the cost of catering appropriate reconciliations must take place. The Admin Officer will provide the kitchen with the daily numbers each day using the appropriate form. The weekly client recharge form from the kitchen must be cross-checked against the form for the week. Any discrepancy between the numbers provided and the number of meals taken must be investigated immediately to ensure all the children who are entitled to meals (free and paid) are taking them and that children not registered for meals are not taking them.

7.4 Free School Meals

Free School meals can only be provided if there is an entitlement.

7.5 Dinner Money Arrears

Individual pupil's arrears should not exceed 10 serving days or £16.00 (whichever is the greater) at any one time. Parents/guardians should be notified as soon as the arrears for the individual pupil are outstanding for 5 serving days. They should receive a second warning after 10 days stating meals have been withdrawn. Meals should only be reinstated when the arrears have been cleared and an advance payment made for the following week. Dinner money arrears cannot be written off without approval from the Principal.

7.6 Uniform Sales

The Admin Assistant is responsible for the uniform sales. Sales must be listed in a stock book and the totals banked must match with the items and revenue listed on the spreadsheet. Monies should be banked weekly unless there are insufficient funds to justify this. The print out and banking must be cross-checked and signed by the Business Manager. A termly stock count must be carried out by the Admin Assistant and any discrepancies between the stock book and actual stock levels brought to the attention of the Business Manager. Online ordering using ParentPay or equivalent system linked to an online uniform shop should be encouraged where possible to reduce cash handling in the office and reduce the need for stock levels to be maintained in school. Parents without access to the internet should make payment at the time of placing their order.

7.7 Music Tuition

The Admin Assistant is responsible for collecting music tuition monies each term. Tuition should be set up on the Financial Management System as a club. Where possible parents should be encouraged to make online payment using ParentPay or an equivalent system to reduce cash handling in the office. The print-out and banking must be cross checked and signed by the Business Manager.

7.8 Clubs

The Admin Officer is responsible for the activity club sign-ups. Payment should be collected at the time of booking the club and all income must be recorded on the Financial Management System. The print out and banking must be cross-checked and signed by the Business Manager.

7.9 School Journey

The Admin Officer is responsible for the monetary controls for school journey. Where possible parents should be encouraged to make online payment using ParentPay or an equivalent system to reduce cash handling in the office. All contributions received must be recorded on the Financial Management System. The print out and banking must be cross-checked and signed by the Business Manager.

7.10 Lettings

The Business Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. The invoice should be raised by the Admin Assistant and payment collected, ideally in advance except in the case of regular bookings by school parents.

7.11 Online Payments

Online secure payments should be encouraged and facilitated where possible to reduce cash handling and reconciled against the Financial Management System weekly.

7.12 Debts

No debts should be written off without the express approval of the Principal/Executive Director (the EFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

7.13 Custody

Receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £2,500 (insurance limit on the office safe).

7.14 Sales Ledger

Monies collected must be banked in their entirety in the appropriate bank account. The Admin Assistant is responsible for listing all local income which has been banked and recorded on the Financial Management System. The sales ledger will be reconciled against the bank account each month and certified by the Business Manager.

8. Cash Management

8.1 Bank Accounts

The opening of all accounts must be authorised by the MAT Board. The Academy has 2 bank accounts – a current account and a deposit account. The account signatories are:-

Executive Director
Principal
Deputy Principal
Member of SLT
Member of SLT

8.2 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.

8.3 Payments and withdrawals

All cheques and other instruments authorising withdrawal (including BACs payments) from academy bank accounts must bear the signatures of any two of the authorised signatories. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy. Authorised signatories must not sign a cheque relating to goods or services which they have also ordered.

8.4 Administration

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

- all bank accounts are reconciled to the academy's cash book;
- reconciliations are subject to an independent monthly review carried out by the Responsible Officer or Principal and adjustments arising are dealt with promptly.

8.5 Academy Charge Cards

The Academy may have a charge card to assist with best value during procurement. All card holders should be nominated procurement officers.

The charge card should only be used when cheque or BACs payments are not possible. Purchases must be recorded in the Financial Management System and entered into the charge card register held by each individual. Receipts (including VAT receipts) must be retained and matched to the charge card statement for reconciliation by the Business Manager each month.

8.6 Petty Cash Accounts

The academy maintains a maximum cash balance of £250. The cash is administered by the Admin Assistant and is kept in the finance office safe.

8.7 Deposits

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

8.8 Payments and Withdrawals

In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

8.9 Administration

The Admin Assistant is responsible for entering all transactions into the petty cash records on the Financial Management System on a regular basis. Regular as well as unannounced cash counts should be undertaken by the Business Manager to ensure that the cash balance reconciles to supporting documentation.

8.10 Physical Security

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

8.11 Cash Flow Forecasts

The Business Manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant surplus balances can be foreseen, steps should be taken to invest the extra funds using the deposit accounts.

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. Guiding Principals are as follows:-

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

9. Fixed assets

9.1 Fixed Asset Register

All items purchased with a value over the academy's capitalisation limit of £2,000 must be entered in the fixed asset register. The asset register should include the following information:

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

Assets over £2,000 should be permanently and visibly marked as the academy's property, labelled and added to the inventory which is checked annually. The inventory should include:-

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- expected useful economic life
- location
- name of member of staff responsible for the asset

The Asset Register and Inventory 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 academy's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

9.2 Depreciation

Depreciation on assets is as follows:-

Buildings	2%
Furniture and Equipment	25% straight line
Fixtures and Fittings	20% straight Line

Computer Equipment & Software 33% straight line

9.3 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 fixed asset register or inventory should be permanently and visibly marked as the academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

9.4 Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Principal and, where significant, should be sold following competitive tender. The academy 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 academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the academy must repay to the EFA a proportion of the sale proceeds. All disposals of land must be agreed in advance with the Secretary of State.

9.5 Loan of Assets

Items of academy property must not be removed from academy premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back into the academy 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.

10. Storage of Records

The school will retain all documents in accordance with the Records Management Society's guidelines (<http://www.rms-gb.org.uk/resources/94>). Financial records need to be kept for 7 years. At the end of each financial year, all records should be boxed up for secure storage – clearly listed the date for disposal. Please see Document Management & Retention Policy for further details.

11. Gifts

- Staff are not allowed to accept significant personal gifts from contractors and other suppliers
- Staff can only accept offers of hospitality if there is a genuine need to impart information or represent the school in the community. Hospitality cannot be accepted from a contractor during a tendering period.
- Any gifts made to the school (above the value of £25) must be listed in a gifts register

12. Suspected Fraud

In case of suspected fraud, the Finance Committee will be notified and the external auditors called in to undertake a full investigation if required. The Principal in consultation with the Finance Committee will

decide whether the police should be notified. The Secretary of State must be notified of any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter.

13. Whistle blowing (See separate policy)

14. Complaints (See separate policy)