

FINANCE MANUAL

Review Body:	Rainham Mark Education Trust Board
Leadership Group Responsibility:	Business Manager
Type of Policy:	Non-Statutory
Reviewed:	January 2020

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1. Organisation and responsibility

LGB and Trustees Board

The Board of Governors of the School in conjunction with the Board of Trustees are responsible for ensuring the School meets all obligations placed upon it by the Secretary of State for Education

In order to fulfil better the obligations placed upon it, the Board operates a circle model of governance using monitoring pairs aligned to the Ofsted inspection criteria

The Board of Trustees meet six times each year. And all meetings are minuted.

The terms of reference of the full board and monitoring pairs are set out in separate documents.

A register of the business interests of each governor and member of staff with significant financial responsibilities is maintained by the Clerk to the Governors and is available for inspection at each meeting of the board. It is also available for inspection throughout the year by parents, governors and staff. At every Governor's Full Board Meeting, governors and members of staff with significant financial responsibility will be required to confirm their present business interest status. Any governor or member of staff who has an interest in a business tendering for a contract will not form part of the discussion or decision to award the contract. No governor or member of staff involved in awarding a contract will accept gifts or hospitality from current or potential suppliers. This list is updated annually.

The School does not obtain goods and services for the private use of governors or staff.

Finance and administration staff

The Headteacher is the delegated accounting officer for their school and is responsible to the Board of Governors for ensuring that financial requirements are implemented. The CEO is the Trust Accounting Officer and reports to the ESFA.

The day to day financial administration of the School is the responsibility of the Headteacher, the Business Manager and the Finance team (where applicable).

2. Financial planning and monitoring

Budget compilation

The School has an overall development plan approved by the Governing Body and defining its strategy for 3 years. The plan outlines which areas are the priority for spending and why. The budget is derived from this plan.

The Audit Committee monitors all financial aspects in relation to the School's management.

The Headteacher, with the Business Manager, is responsible to the LGB and Trust board for the preparation of the annual budget.

The draft budget is reviewed by the Finance monitoring pair and LGB when all the appropriate figures have been received from The Education Funding Agency for review, discussion and amendment if appropriate. The budget is submitted to the Board of Trustees for formal review and approval.

Budget control and monitoring

The Local Governing Body carries ultimate responsibility for monitoring the budget.

The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lies with each budget holder who must obtain prior written approval from the Headteacher if they wish to exceed their budget allocation. The process is coordinated by the Business Manager.

Reporting to Governors

The Business Manager prepares a monthly report of actual performance against budget with explanations of the main variances. This report is sent to the Headteacher and monitoring pair and then presented to the Local Governing Body. The Business Manager presents this report to each meeting of the Finance monitoring pair meeting and the LGB.

The monitoring pair authorises virements between £1,001 and £6,000. The LGB authorise virements over £6,000. All virements are reported to the LGB.

Spending from reserves must be agreed by the Headteacher and CFO and approved by the LGB. Where this exceeds £30,000 in any academic year and/or results in reserves falling below 5% of GAG prior approval must be obtained from the Board of Trustees.

3 Finance administration

Accounting systems

The School's accounting system is Civica Resource accounting software. A separate data base is used for each school and RMET. A consolidation database is used to report across the Trust.

The proper functioning of the accounting system is the responsibility of the Business Manager.

The finance software is hosted by Civica.

Accounting records

Only authorised staff are permitted access to the accounting records which are securely retained when not in use.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink. The use of correcting fluid or the erasure of information is not acceptable.

All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy for six years plus the current year in a secure area.

Reporting to the Department for Education

All financial returns required by the DfE are completed by the CFO and reviewed for accuracy by the CEO or the Chair of Governors before being signed in accordance with requirements. The CFO is responsible for ensuring that all financial returns are made on a timely basis.

External Auditors

Following completion of the year-end audit the Audit Committee will review the conduct of the audit in terms of:

Quality of service received; and value for money

If the outcome of this review is satisfactory the existing Auditors may be re-appointed for a further year unless an open tender has not been held within the last five years.

When a decision is taken not to reappoint the School's existing Auditors, copies of all notices relating to the Governors' Meeting that will confirm their removal must be sent to them by the CEO. The outgoing Auditors are entitled to attend the meeting and be heard on any matter that concerns them as former Auditors of the School.

Statutory Accounts

The Academies annual statutory accounts are prepared by the Accountants/Auditors using reports provided by the Finance Team.

Five yearly tendering

The audit of the School is normally put out to tender at least every five years. The School's normal procedures for tendering must be followed with the following differences:

The tendering process will be overseen by the CFO or other appropriate authority, who will recommend a final decision to the Board of Trustees; and three shortlisted firms must be interviewed.

Letter of engagement

A letter of engagement must be sent to the School's new Auditors by the Board of Governors. The purpose of this letter is to set out the main duties of both the Auditors and the Governing Body.

Where the School's existing Auditors are re-appointed the content of the letter of engagement should be reviewed to ensure that it still adequately reflects the scope of the engagement.

4. Purchasing

Approved suppliers

A data base of regular suppliers is held on Civica Resource. The Business Manager will select suppliers on the basis of their capacity to provide quality, service, timely delivery and value for money. Consortia are used where they provide value for money.

Tendering

All purchases with a value greater than £50,000 must be put out to formal tender. The following procedures must be followed in such circumstances.

The tender specification will be prepared by the budget holder, authorised by the monitoring pair and Headteacher and sent to at least three suppliers. It is anticipated that for any major building

works the services of a firm of project managers or architects would be engaged to deal with the handling of specifications and suitability to tender;

Where appropriate, the suppliers invited to tender should be drawn from the list maintained by the Finance Office. Otherwise, invitations to submit tenders will be advertised in local newspapers and trade journals if appropriate. When it is deemed appropriate to use open tender, the invitations to tender will include:

- (i) an introduction/background to the project;
- (ii) the scope and objectives of the project;
- (iii) any technical requirements;
- (iv) implementation details for the project;
- (v) the terms and conditions of the tender; and
- (vi) the form and date of response to the School

If the tendering process is being handled 'in house' all replies should be addressed to the Business Manager in a plain sealed envelope marked 'Tender' to reach him/her by a specified date. All replies must be kept sealed until that date and passed to the Chair of the relevant committee;

All tenders will be opened at the same time and details of the contractor, quotation and any other details recorded at the time of opening.

No contractor will be allowed to amend the tender after the time fixed for receipt;

The Business Manager will open a separate correspondence file for each tender which will contain copies of all correspondence or other relevant information.

- If a project management company or a firm of architects is handling the tendering process, then their own previously agreed procedures will apply.

For all forms of tender:

For purchases exceeding £50,000, provided the expenditure has been budgeted for, a decision will be recommended by the finance monitoring pair

Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept must be taken by the Governing Body; and

The reasons for accepting a particular tender must be documented by the Clerk to the Governors, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the Governing Body.

The following points will be considered when deciding which tender to accept:

The overall price and the individual items or services which make up that price;

Whether there are any 'hidden' costs, that is additional costs which the School will have to incur to obtain a satisfactory product;

Whether there is scope for negotiations;

The qualifications and experience of the supplier;

How well the technical requirements laid down by the School will be met;

Whether it is possible to obtain certificates of quality;

The supplier's own quality control procedure, pre sales demonstrations and after sales service;

The financial status of the supplier; and

References from other Schools.

Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

The EU limits for tendering are as follows:

Supplies	£172,514
Services	£172,514
Works	£4, 322, 012

Quotations

For purchases exceeding certain values, and below the tendering limit of £50,000, a specified number of quotations will be required as follows:

Up to £1,000: Budget holders are expected to purchase objectively using catalogue prices and written quotations;

£1,001 - £5,000: Two written quotations;

£5,001 - £50,000: Three written quotations.

Spending Limit of Headteacher/Business Manager

The Headteacher and/or Business Manager may spend up to £10,000 without prior approval of the LGB. This is subject to the sums being part of the agreed budget and where the Business Manager and Headteacher have consulted together.

Purchase orders

Purchase orders must be raised in Resource in advance of purchase with the exception of emergency repairs, catering and daily supply. Written, pre-numbered orders are used for all goods and services. Orders are only made by telephone in exceptional circumstances. Where goods are required urgently and an order is placed by telephone the order must always be confirmed in writing in the usual way.

Access to the School Accounting System is restricted to members of the finance team and current auditors. Commitment accounting is in operation. Orders must only be used for goods and services provided to the School. Individuals may not use official orders to obtain goods and services for their private use.

Ordering procedures are as follows:

A requisition is made by the budget holder and sent to the Finance Office using either an excel order template or the web portal. The order is checked against available budget and overspending highlighted to the Business Manager. Quotes and tenders are obtained as necessary;

An order is generated and allocated a sequential number as it is produced. The Finance Office retains a hard copy and the original is sent to the budget holder, who signs and returns it to the Finance Office unless it is recorded via the web portal;

The order is approved by either the Business Manager or an authorised signatory prior to despatch and this approval is evidenced on the authorised copy of the order or via the web portal workflow authorisation process;

Following approval, the order is processed as follows:

- (i) one copy to supplier;
- (ii) authorised copy filed in Finance Office;

Resource keeps a record of all orders placed that have not been invoiced. At the request of any budget holder, a listing of any such relevant orders will be produced by the Finance Office.

Receipt of goods

All goods received should be delivered to the delivery area and seen in by the Site Manager or his Assistants.

The following procedures then take place:

The delivery note and goods are sent to the budget holder for formal checking against the order;

The budget holder evidences the check of goods received on the delivery note;

The delivery note is returned to the Finance Office for filing;

If goods received are part of a larger order, the budget holder maintains a record explaining how much of the larger order has been fulfilled.

Any shortages or defective items in the goods supplied must be clearly indicated on the delivery note by the budget holder. The Finance Office is responsible for ensuring the delivery is rectified.

Purchase invoices

All purchase invoices are handed immediately to the Finance Office where the invoice is grid stamped and passed to the relevant budget holder for approval.

The budget holder checks the invoice against the original order and the delivery note (where applicable) and evidences this check by completion of the grid stamp.

Where goods received were short or defective in some respect, and this still has not been rectified, this must be clearly noted on the invoice so that payment is not made until either a credit note is received or the delivery is put right.

The budget holder returns the purchase invoice, to the Finance Office who process on Resource.

The Business Manager periodically carries out a final check to ensure that all the School's procedures have been followed.

Payment of invoices

The Purchase ledger is reviewed on a regular basis and invoices selected for payment. It is the policy of the School to pay all invoices by the due date and also to take advantage of any discounts available for early settlement where this is to the School's advantage. Invoices should not be paid early as a matter of course. If a supplier does not specify payment terms we adopt a standard 30 day term.

Payment is only made when the following checks have been made by the Finance Office:

Goods or services have been received and checked against the order;

Expenditure has been properly incurred and payment has not already been made;

Prices agree with quotations, tenders, contracts or catalogue prices and the arithmetic is correct;

VAT has been properly accounted for;

The invoice has been correctly coded; and

Discounts have been taken where applicable.

The budget holder or Business Manager authorises payment, ensuring that all of the School's procedures have been followed.

Payments should be made by BACS. Cheque payments should only be made where BACS is not accepted.

All supporting invoices are presented to the signatories and checked for authorisation;

All documentation is filed by the Finance Office in number sequence;

Under no circumstances will any cheque signatory sign a blank cheque subject to a second signature;

No payment will be made on copy invoice unless exhaustive checks have been made to confirm that payment has not previously been made.

In no circumstances will payment be made against statements.

Month-end procedures

At the end of each month the Business Manager extracts a list of balances from the purchase ledger and compares the total with the purchase ledger control account in the nominal ledger. Any reconciling items are noted and adjusted if required.

Petty cash

Petty cash is dealt with by the Finance Office from the petty cash vouchers. The Finance Office is responsible for the payment of expense vouchers and is responsible for reconciliation of the float.

Procedures relating to petty cash are as follows:

Cheques drawn to replenish the petty cash float are subject to normal cheque signing procedures. Supporting documentation is produced to cheque signatories;

Payments from petty cash are only made on production of a till receipt or other certification that payment has been made and would not normally exceed £10 in value. Vouchers are subject to the same authorisation procedures as purchase order requisitions. They are cleared for payment by a head of department or if it is a head of department to be reimbursed, the Business Manager or other authorised signatory countersigns the receipt;

The petty cash float, which should not exceed £100, is kept locked in the Finance Office when not in use;

The petty cash float is reconciled on a monthly basis, or as required, by the Finance Office. The reconciliation must be checked by the Business Manager and initialled as evidence of this review;

No personal cheques are cashed through petty cash;

The petty cash float is only reimbursed by a cheque from the School's bank account.

5. Payments to Governors

Payments to governors may be made in accordance with EFSA Governance Handbook: <https://www.gov.uk/government/publications/governance-handbook>

6. Payroll

All appointments, terminations and salary levels are formally approved by the appropriate body and conveyed in writing to the Business Manager for action.

From April 2020 payroll for the Trust schools will be processed by Rainham Mark Grammar School. All staff are paid monthly.

Net payments to staff are made using the Banks Automated Clearing System (BACS). All payments to the various pension and additional voluntary contribution (AVCs) agencies, and the Inland Revenue are made by the School.

Overtime claims should be submitted to the Business Manager by the end of the first week in the month in order for the claim to be paid that month. Expense claims are reimbursed through petty cash or by cheque or through the electronic banking system. Overtime claims are authorised by the Business Manager in the secondary schools or by the Headteacher in Primary schools. Overtime claims and expense claims are not returned to the claimant after authorisation but held securely in the Finance Office.

A monthly reconciliation of the wages, PAYE and pension payments against the system figures is carried out and this is checked by the Business Manager.

Prior to the BACS payment being transmitted, random checks of the staff payroll calculations are made by the Headteacher or Deputy Headteacher.

All financial personnel files are kept in the Finance Office. Access is restricted to the

Headteacher, Business Manager and Chair of Governors. Payroll printouts are also kept in the Finance Office. The School is registered under the Data Protection Act.

Compromise Agreements

The Headteacher after consultation with the Trust HR Advisor has the authority to sign compromise agreements that agree a settlement figure of not more than 6 months salary of the person in question. The Trust Board must approve sums in excess of this amount.

7. Assets

Asset register

The LGB is responsible for maintaining the School's assets securely.

The Business Manager oversees maintenance of the asset register. It is the policy of the School to enter individual acquisitions with a cost greater than £1000 onto the asset register, although items of a lower value but of an attractive nature may sometimes be included. The Site Manager or ICT Technician is responsible for ensuring that all assets are marked as belonging to the School.

By the end of the current financial year the Business Manager checks the existence, condition and adequacy of security markings for all assets. Assets are classed as being items worth over £1,000 or of a desirable nature.

All assets removed from the School site are recorded in a register.

Assets with no net book value may be disposed of with the agreement of the Headteacher. All other disposals should be approved by the Finance Committee.

Insurance

The adequacy of insurance is reviewed annually by the Board of Governors and tenders are obtained every three years;

Details of all insurance policies held by the School are kept in the Finance Office under the control of the Business Manager;

The insurers are notified of all new risks, property and equipment which require insurance or any other alteration affecting existing insurance on a timely basis;

- the School will not give any indemnity to a third party without the written consent of their insurers;

The School immediately informs its insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy are authorised by the Business Manager prior to submission to the insurance company;

- Present insurance arrangements cover the valid use of School property when off the premises, provided item(s) are kept secure at all times.

Disposal of Assets

All disposals of assets, except land, must be authorised by the relevant departmental head and

Governing Body. Disposal of land must be authorised by Trust Board Body. The Trust Board must minute their approval of all disposals.

Losses

All losses are to be reported to the Business Manager. The Business Manager informs the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

The Business Manager maintains a record of losses and insurance monies received. The Governing Body is informed of all losses.

Leasing

The LGB is responsible for approving all leasing and hiring arrangements. These are reported to the Governing Body.

Depreciation Rates

At the Governors Finance meeting on the 9th January 2012 the depreciation rates were set at the same levels as the Darlingbridge Academy in the Academies Financial Handbook.

Freehold Buildings 2%
Long Leasehold Property 2%
Plant and Machinery 15%
Furniture and Equipment 10-15%
Computer Equipment and Software 20%

8. Income

The Governing Body has overall responsibility for ensuring that all income due to the School is properly accounted for.

Grant income

The Headteacher, with the Business Manager, is responsible for checking the level of delegated budget that the School should receive each year and ensuring that all necessary forms are completed on time.

The Business Manager immediately reports any discrepancies in the amount or timing of expected receipts to the Headteacher who in turn reports these to The Education Funding Agency and the Governing Body.

Letting of School facilities

All lettings of School equipment and facilities must be in accordance with the Trust's letting policy and the rates currently in force as prepared and approved by the LGB of each school. Free use and charges below economic cost are not permitted without prior approval of the LGB.

The Business Manager, in conjunction with the Premises Manager, considers all enquiries and the level of costs involved before granting a booking. Letting rates are subject to review by the Finance monitoring pair where necessary.

- All hiring of School equipment and facilities will be recorded and checked by the Premises Manager.
- when a letting is provisionally booked the hirer must complete a hire booking form;

Sales invoices are generated by the Finance Office.

Fund raising events

It is the responsibility of the event organiser to deal with the administration of the event and ensure cash is paid into the Finance Office in an envelope marked with the name, form and event, as is appropriate. Records will be kept by the Finance Office.

School trips

When planning any excursion, the consent of the Curriculum Group and the Educational Visits Co-ordinator (EVC) must be obtained before any commitment is made to pupils, parents or third parties. A form SVF1 (RMGS) must be completed in full and approved by the EVC before any trip account can be opened. Each trip is accounted for separately.

Where possible electronic payment software should be used to allow parents to make payments. Cash payments must be recorded by the finance office.

All expenditure in connection with excursions is subject to the same procedures as other expenditure.

At the conclusion of each excursion the Finance Office prepares a final income and expenditure account for each trip and a copy is sent to the trip organiser. Deficits will be thoroughly investigated and, where required, will be paid out of the general fund. All surplus income will be paid into the general fund unless the event organiser has approved a refund.

A DfES good practice guide to organising educational visits is available at www.teachernet.gov.uk/visits.

Catering Income

RMGS operates a cafeteria style catering service using a 'cashless' catering system. One revaluation machine is located in school which is emptied daily and reconciled to the revaluation machine report.

The catering takings together with other monies and cheques are collected weekly by Barclays G4S.

At the end of every month the Finance Office does a catering reconciliation to ensure that there are no obvious abnormalities with the monthly figures and that the catering service is at least breaking even.

Bad debts

Bad debts are classified as debts that have not been paid for 120 days. The Governing Body is consulted as appropriate.

School Voluntary Fund

The accounts for the School's non-public (Voluntary fund) are also run on Civica Resource.

9. Banking and cash holdings

Bank facilities

The School's bank facilities, authorised by the Board of Governors, are held at the:

Barclays Bank Plc
40/46 High Street
Maidstone
Kent ME14 1SS

The bank has been informed that no School account should be allowed to become overdrawn.

Changes to bank accounts including opening/closing of accounts will need the prior approval of the board of trustees.

Bank reconciliations

All bank reconciliations are performed as soon as possible after the month end. The review of each bank reconciliation is evidenced by initialling of the reconciliation. Apart from the Trust Business Manager, the Finance Office staff are not cheque or bank signatories.

Cash banking

Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques. Cheques will be identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.

All monies received into Rainham Mark Grammar School are transported to the bank by G4S weekly. Primary schools will bank income regularly and where cash banking is in excess of £2000 two people must attend the bank. Where possible G4S via Barclays should be used to collect banking. Cash holdings on the School premises should not exceed £10,000.

School credit cards

The Trust has a credit card agreement with Barclays Bank. The cards are in the name of RMET and the only authorised users are the Business Managers of the schools. The credit card is only to be used in exceptional circumstances and all transactions must be authorised by two signatories (other than the Business Manager) before any transaction is processed. The total spending limit on the card is set at £7,000 for Rainham Mark Grammar School and £2,000 for primary schools and a direct debit has been set up to automatically clear any balance on a monthly basis. An additional card is held by the head of Food Technology at RMGS for online Tesco purchases only and has a limit of £250. A statement is sent to School and also directly to the Business Manager. The statement is reconciled by the Finance Office and reviewed by the Headteacher.