



INTERNAL FINANCIAL CONTROL PROCEDURES

IMPORTANT - PLEASE NOTE!

Please make sure that you follow *Internal Financial Control Procedures*. Failure to do so could mean that you are in breach of EFA Regulations.

The Director of Finance should be consulted wherever you require any further help or clarification.

**Kate Evans
(Chief Executive Officer)**

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Internal Financial Control Procedures

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INTRODUCTION

This document has been produced to:-

- ⇒ ensure that policies and procedures exist to protect the interests of individuals who manage or deal with the Trust's finances and funds;
- ⇒ promote efficiency and accountability in the management of the Trust's finances and funds;
- ⇒ assist everyone's understanding of the need for sound management of the Trust's finances and funds;
- ⇒ reflect the requirements of the EFA and the DfE concerning the management of educational finance.

These procedures are issued with the approval of the **Trust Board** who will seek confirmation from the Trust Leadership that they are being complied with. Regular checks will be carried out by the Senior Leadership Teams to ensure compliance.

The procedures contained in this document must be adhered to at all times - **please do not ignore them**. Any difficulties or concerns should be discussed with the **Director of Finance**.

Within the document the following terms are used:

Finance Office: This refers to the local Finance function at each school

Local Leads ie Finance, HR and Premises: This refers to the local on-site lead in each area as agreed with the Principal

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SECTION 1: BUDGET MONITORING

1.1 Register of Pecuniary Interests

- 1.1.1 The **Director of Finance** holds a *Register of Pecuniary Interests* which lists the business interests for each member of the Governing Body, members of Staff, and any member of their immediate family, to demonstrate that, in spending public money, there is no conflict between their business and personal interests and affairs of the school.
- 1.1.2 The *Register* is maintained and updated annually by the **Clerk to the Trust** and is open for inspection by governors, staff, parents.

1.2 Schools Census Data

- 1.2.1 Data is collected by the DfE each term. The data collected in the **Autumn Term** census is now used to gather information to inform budget planning for the following financial year.
- 1.2.2 The **Student Support** team is responsible for completing and submitting each census and will notify staff of census dates at the start of each academic year. It is essential that staff ensure that all data is kept fully up-to-date and accurate on the Data Management system.

1.3 Budget Planning

Budgets are submitted to the EFA at the end of July each year. A school cannot plan a deficit budget and must aim to stay within budget during a financial year. The Trust receives its funding from the EFA in monthly instalments. It is therefore important to plan expenditure carefully over the financial year.

The following expectations for all members of the Trust are:

1. All schools will be required to set a balanced in-year budget
 2. In exceptional circumstances, if approved by the trust board, a school may draw on any school based reserves.
 3. Where reserves are not available, the school will seek to liquidate any school based assets.
 4. Where this is not available, the trust board will consider a request to offer a short-term loan to the school from broader trust reserves
- In instances 2-4 above, the school will be required to submit a detailed deficit recovery plan to the trust board for approval.

1.4 Audit

Trust finances are subject to an external audit from auditors appointed by the Trust Board.

1.5 Responsible Officer

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The Trust employs an Internal Audit function in order to provide independent checks to ensure that procedures are being adhered to. All checks carried out are reported back to the Local Governing bodies and any significant findings to the Trust Board.

SECTION 2: DEPARTMENTAL BUDGETS

2.1 Budget Holders

- ✓ **Budget Holders** (approved by the Principals are responsible for monies allocated under their control) will be advised of the amount allocated to them as early as possible in the financial year.
- ✓ **Budget Holders**, once advised of their allocation, will be expected to project their expenditure in advance of the new financial year. This is to enable the Leadership Teams to see where any pressure points may arise during the new financial year. Departments should review their spending for the current financial year when planning for the next one.
- ✓ **Budget Holders** can only submit Requisitions and are not authorised to place orders - *Internal Financial Control Procedures* must be strictly adhered to. Regular checks are in place to ensure that procedures are being followed.
- ✓ Each **Budget Holder** is responsible for ensuring that their Department spending (actual and outstanding commitments) remains within their allocated budget. Overspending is not allowed. Monthly printouts of accounts to Budget Holders which will give details of all transactions through the account.
- ✓ All **Budget Holders** should keep adequate records - help and advice on the management of budgets can be sought from the **Local Finance Lead** or **Director of Finance**.
- ✓ **All Budget Holders should be aware that expenditure can only be authorised from their approved budget and not from anywhere else!**

2.2 Reprographics/Resources

Budget allocations for faculty photocopying will be agreed. Other charges for photocopying and any resources supplied by Reprographics/Resources will be made monthly. The total of such costs charged against specific budgets will be made available to staff.

The cost per copy charges will be reviewed annually and a copy of the charges are available.

2.3 Inventories

- 2.3.1 We are required by Auditors to keep up-to-date Inventory Records.
- 2.3.2 **Heads of Department** are responsible for making sure that an Inventory is in place for their department.
- 2.3.3 ICT inventories are stored electronically. They are updated by the ICT department, at the point of purchase and an updated copy is forwarded to the Budget Holder. Other forms of inventory are recorded manually.

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2.3.4 Purchases:

- ✓ Goods or purchases above £1,000 need to be entered onto your Inventory

2.3.6 Write-offs:

- ✓ If you want to dispose of any goods that are broken or damaged please complete a 'Write Off Form' and pass to the Local Premises Lead for approval before they are disposed of. No items can be "**written off**" without the prior permission and authorisation of the the Local Finance Lead.

2.3.7 Stock Checks should be carried out annually by each department.

2.4 Inspection Copies

2.4.1 Whenever Inspection Copies are requested, a *Requisition* must be raised and passed to the **Finance Office**. The office reserves the right to reject any copies received where this is not the case.

2.4.2 Generally, invoices become payable within **14 days** of receipt of goods. Therefore, books must either be returned within 14 days, or the Finance Office will process the Requisition and pass the Invoice for payment.

2.4.4 Any staff who wish to purchase books direct from Booksellers who visit the school from time to time should complete a *Requisition* and ask the Budget Holder to approve the expenditure in the usual way. The Requisition should be passed to the Finance Office for processing.

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SECTION 3: ORDERING GOODS & SERVICES

3.1 Estimates/Quotations

Where an estimate or quotation is required for goods/services the following procedures must be complied with:-

| <u>Total Contract Value</u> | <u>Requirements</u> | <u>Shortlisting</u> |
|-----------------------------|--|--|
| Under £5,000 | <ul style="list-style-type: none"> 1 <i>oral</i> or <i>written</i> quote | Budget Holder/Principal |
| £5,000 - £20,000 | <ul style="list-style-type: none"> 3 written quotes based on a <i>written</i> specification or brief | Local Governing Body /Principal |
| £20,000 to OJEU thresholds | <ul style="list-style-type: none"> £20k to OJEU Thresholds: Formal invitation to tender is advertised and at least four contractors from those that respond must be contacted. Alternatively, an approved framework must be selected and a mini-tender process carried out where possible. The Trust Board (or Finance Committee) would have oversight of this process. | Recommendation from CEO to Trust Finance Committee/Trust Board |
| Above OJEU thresholds | <ul style="list-style-type: none"> Advertisement and selection in line with current guidelines. | Trust Board |

Orders must not be processed without the correct number of quotes. If the correct number of quotes cannot be obtained, explanation must be provided e.g. emergency, limited number of suppliers. The order must be approved by the appropriate person or committee. In the case of expenditure over £20k this must be approved by the Local Governing Body and for orders above £50k this must be approved by the Trust Board.

3.2 Agreements/Contracts

Every contract over £5,000 must be in writing. All Agreements/Contracts must be signed as follows:-

| <u>Total Contract Value</u> | <u>Signature Required</u> |
|-----------------------------|---|
| up to £20,000 | Principal / Director of Finance |
| £20,001 - £50,000 | Chair of Local Governors, or delegated representative |
| Above £50,000 | Chair of Trust board, or delegated representative |

Under no circumstances should any member of staff, other than the **Director of Finance**, sign any contract document provided by a supplier. Such documents can create legally enforceable obligations and financial commitments on the Trust:-

- Service Level Agreements
- Hire & Lease documents
- Maintenance Agreements
- Standing Orders & Direct Debits

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3.3 Requisitions

- 3.3.1 A **Requisition** must be raised for all goods/services and must contain enough detail, eg Supplier's Name, Catalogue/Part No etc, for the Finance Office to raise and place an official order.
- 3.3.3 *Requisitions* must be signed by the **Budget Holder** responsible for the cost of the goods/services.
- 3.3.4 The **Finance Office** will always endeavour to seek the best value for money when securing supplies and services. Staff can suggest preferred suppliers if they have a valid reason.
- 3.3.5 Where a **New Supplier** is to be used, a trading account may have to be opened and *Requisitioners* should supply the Finance Department with details of the Company, Address, Tel No, Fax No, Contact Name and Position. Please allow at least 5 working days to enable the Finance Office to open an account. A new supplier form will be completed by the Finance Assistant and review by the Finance Lead for any new supplier. The same form will be used to record any changes e.g. address, banking details, to supplier details.

3.4 Orders

- 3.4.1 All Orders originate from a **Budget Holder** using a *Requisition Form* bearing the **Budget Holder's** signature. These must be completed in full for orders to be processed.
- 3.4.2 Staff are not permitted to place Telephone/Verbal Orders or Internet Orders.
- 3.4.1 All Official Orders must be placed by the **Finance Office** who will make sure that Financial Regulations are complied with. Orders will be raised through the computerised accounting system, printed onto official Order stationery and signed by the Finance staff ~~an **Authorised Signatory** (Principal, Deputy Principal, Director of Finance)~~. The Order Number and Date of Order will be noted on the *Requisition* and a copy of the Order issued to the **Budget Holder**.
- 3.4.2 Where Internet Orders are placed and payment is required at the time of order, the Finance Office will ask the Local Finance Lead to authorise payment using a Credit Card.
- 3.4.3 Staff are not permitted to use **Trust** Orders for private purchases.
- 3.4.4 **Budget Holders** must advise the Finance Office if they wish to cancel an order so that it can be cancelled on the accounting system.
- 3.4.5 ~~Exceptions to point 3.4.1 will be agreed at Trust level. In the first instance they will include ordering completed by the on-site Catering Manager for any in-house catering function.~~

3.5 Petty Cash

- 3.5.1 The purpose of Petty Cash is for purchasing small items of expenditure for which it is not practical or cost-effective to pay through the normal creditors system.

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Generally such payments will be small in value - (£50 or under). It is expected that payments to regular suppliers will be made through the normal creditors system.

- 3.5.2 Claims for Petty Cash must be supported by adequate documentation to support the expenditure incurred. As a minimum, we need to know:-
The reason for/details of the expenditure
Date the expenditure was incurred
Amount of Expenditure
Signature of person incurring expenditure
- 3.5.3 The supporting documentation should be a VAT invoice/receipt to enable the VAT to be reclaimed in some circumstances. For most Petty Cash purchases, your budget will have to bear the VAT element of any expenditure.

3.6 Review of old or incomplete orders and Goods Received Not Invoiced

- 3.6.1 As part of the month-end procedures the Local Finance Lead will review the listing of Goods Received Not Invoiced, old purchase orders (not delivered or incomplete). Review of old items (> 60 days) will be carried out and investigated.

SECTION 4: PAYMENT OF ACCOUNTS

4.1 Deliveries

- 4.1.1 All deliveries should be checked off, as soon as practicable, against the Purchase Order. All items should be ticked off, signed and dated, and the Purchase Order copy and Delivery Note sent to the **Finance Office** once certified as correct. The Finance Office must be notified immediately if any items are incorrect, damaged or missing.
- 4.1.2 No deliveries may be made to a member of staff's home address.

4.2 Purchase Invoices

- 4.2.1 All Purchase Invoices will be matched to the purchase orders and delivery note ie a three-way match. Invoices for goods received which will have been authorised (using the requisition form) and checked (recorded on the Purchase order copy) will be immediately processed by the Finance Office. No additional approval is required. For invoices for services or where appropriate delivery has not been confirmed the invoice will be logged and passed to Budget Holders who should get the person who checked the delivery to sign to confirm that the goods have been received and the invoice can be paid.
- 4.2.2 A Stamp will be used to record the key details.
- 4.2.3 Signed Invoices are returned to the **Finance Office** for processing and payment.
- 4.2.5 Copy Invoices are not accepted for payment except in exceptional circumstances, eg the original has been lost or mislaid.
- 4.2.6 Invoices are presented with cheques or the finalised BAC file for signature in accordance with the Bank Mandate, together with all backup documentation.

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4.2.7 Please note that Purchase Invoices received by the finance office where the **Finance Lead** does not have a Requisition and Official Order, may be *refused* for payment.

4.2.8 Once the invoice has been matched the Finance Assistant will record matched, and then initial and date the front of the invoice to show that the matching is complete. Any significant variances will be investigated and documented. The completed the documentation will be reviewed by the Finance Lead to check that it is complete and the matching is correct. The Finance Assistant will post the invoice on to the system. They will then record posted, and initial and date the front of the invoice.

4.2.9 The Trust's standard payment terms are payment within 30 days.

4.3 Credit Notes

4.3.1 A Credit Note is issued by a supplier where goods/services that have been ordered have been cancelled or returned.

4.3.2 Credit Notes should be treated in the same way as Purchase Invoices and must be passed directly to the **Finance Lead** for processing.

4.4 Bank Accounts

4.4.1 The name of the Bank Accounts shall begin:-
“**Bottisham Multi Academy Trust**”

4.4.2 The signatories, as per the Bank Mandate are:-

- Principal
- Designated Assistant Principals
- Director of Finance

4.4.3 The Mandate states that there must be two signatories on each cheque and for internet payments.

4.4.4 A cheque signatory cannot be a signatory on a cheque made payable to themselves.

4.4.5 Cheque Books/Cheque Stationery must be kept locked in a safe place and must not be pre-signed.

4.4.6 The Finance Lead holds cards and has access to a card reader to enable them to use the Internet Banking Service. The card reader is kept locked away when not in use.

SECTION 5: INCOME

5.1 Income/Receipts

5.1.1 All income received must be accounted for and entered onto the accounting system.

5.2 School Meals Income

5.2.1 The Trust operates a Cashless Catering system which is managed and maintained by the **Finance Office**.

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- 5.2.2 A **Finance Assistant** receives cheque, cash and on-line payments and enters daily onto the Cashless Catering system.
- 5.2.4 A **Finance Assistant** checks the cash received against the daily Audit Report and prepares the cash for banking.
- 5.2.5 Cash and cheques are kept locked in the safe prior to banking.
- 5.2.6 **Income for any in-house specialist functions which may include Catering and Sports Centres, are managed by a delegated manager. Banking is completed locally and when appropriate (ie within insurance limits for non-central storage) brought to the Finance Office.**

5.3 Sales Invoices

- 5.3.1 Sales Invoices must be:-
 - a) Dated.
 - b) Numbered sequentially
 - c) State that cheques should be made payable to the Trust School or College.
- 5.3.2 State that remittances should be forwarded directly to the Trust School or College
- 5.3.3 The invoiced amount should be checked by the Finance Lead before sending.

5.5 Resources

All Staff should make sure that any students who leave during the academic year have returned all books/resources.

All staff should make sure that Year 11 students hand in all books/resources before their last GCSE Examination. Parents/Carers will be charged for any resources not returned by their child, in accordance with the Trust's Charging Policy.

5.7 Cash Security

- 5.7.1 All money collected from staff and students must be handed in to the Finance Office for recording/receipting.
- 5.7.2 Under no circumstances should cash be left unattended.
- 5.7.3 All monies should be kept in the safe pending banking.
- 5.7.4 Cash Floats required for school Trips/Visits will be limited and Travellers Cheques should be requested well in advance of the date required - please advise the Finance Office Staff.
- 5.7.5. In the event of an emergency, eg attempted theft, evacuation of premises etc, no member of staff should put themselves at any risk to their own person.

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5.8 Banking

The **Finance Lead** will be responsible for making sure that the banking of all monies is done on a regular basis. Banking routines must be varied in order to reduce, as far as possible, any risks.

5.9 Cash Collection Service

The **Finance Lead** will be responsible for making sure that all monies banked via a Cash Collection Service are recorded, and receipts attached to the Record Sheet for each collection. Security procedures issued to the Trust by the Cash Collection Service Provider should be followed at all times. Any unusual circumstances should be reported immediately to the **Director of Finance**.

5.10 Online Payments

Online Payments System are used by Schools within the Trust. The **Finance Office** is responsible for issuing Login details and passwords to all users (*staff and parents*) and these are sent via post to parents. A **Finance Assistant** is responsible for running daily reports to confirm receipt of monies and uploads new payment options once they have been authorised by the **Finance Lead**. Refunds can only be made by the **Director of Finance** or **Finance Lead**. The Finance Office is responsible for ensuring the relevant postings onto the accounting system and for deleting online accounts when staff/students leave.

SECTION 6: INSURANCE

6.1 Insurance Claims

Any item that is stolen or damaged must be reported to the **Premises Lead** immediately. A 'Claim Form' will be issued and must be completed as soon as possible. The **Local Lead** will advise staff on what other procedures are required to meet the claims procedure and policy conditions. In all cases of theft or malicious damage, we are required to notify the Police.

6.2 Equipment taken "Off Site"

6.2.1 Staff are responsible for the safe-keeping of any authorised Trust property taken 'off-site' for use at home.

6.2.2 With the exception of staff laptops, no Trust property should be removed without prior permission and authorisation from the **Local Finance, Premises** or **IT Leads**. Details of all equipment taken "off-site" must be notified via the **Local Lead** so that the correct documentation can be completed (*serial numbers need to be recorded and inventory records updated*) so that the Trust knows when property has been removed and returned.

The Trust needs to be clear about the whereabouts of its property in the case of a break-in so that we can advise the Police and/or Insurance Company accordingly.

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SECTION 7: INSET

- 7.1 Funding for INSET is delegated to departments as part of their capitation. Any member of staff requesting INSET should speak to their Head of Faculty/Department in the first instance. Locally agreed procedures for budget approval and cover should be followed.
- 7.7 As soon as you have completed your training course you should complete an 'Expense Claim Form', attach any receipts and get your Head of Faculty/Department to approve before passing to the Finance Office for processing. Expenses are processed with payroll and claims should be submitted no later than the end of the month in which the expense was incurred.

SECTION 8: TRAVEL EXPENSES

- 8.1 All employees who use their car in connection with school business must provide written proof that business cover is included on their car insurance policy.
- 8.2 Expense Claim forms for both INSET and other travel are available from the **Finance Office** and should be completed promptly.
- 8.3 All expenses must be claimed by the end of the month in which the expense is incurred, with supporting receipts attached, where applicable.

SECTION 9: CHARGES FOR PRIVATE USE

- 9.1 **Personal Telephone Calls** – Locally agreed procedures must be followed.
- 9.3 **PLEASE NOTE:** "Personal use" means something that is personal to a member of staff, where a cost is incurred, that has no relation to the day to day business or activities of the Trust.

SECTION 13: PAYROLL

- 13.1 The Trust currently contracts with EPM Ltd to provide its payroll service.
- 13.2 Payroll claims and monthly absence data is entered onto the EPM Portal by the **Finance Lead**.
- 13.3 Changes to standing data are processed by the HR Lead.
- 13.4 Pre-payroll reports are checked by the **Finance Lead** before authorising.
- 13.3 All personnel files and payroll information must be kept securely.

SECTION 14: DEBT COLLECTION

- 14.1 Where payment has not been received within the specified payment terms, a 'Reminder Letter' is sent by the **Finance Lead** requesting payment. This should be escalated in line with locally agreed procedures.

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14.6 Details of bad debts will be reported directly to **LGB** so that they can agree further steps to be taken to recover the debt. The agreed thresholds for write-off of bad debt are detailed below. This detail should be submitted to the Trust as part of the month-end reporting.

| <u>Total Value</u> | <u>Approval required to write off debt</u> |
|--------------------|--|
| £1000 | Finance Lead |
| £2500 | Principal |
| Over £2500 | LGB |