



This policy and supporting procedures are written for the purpose of ensuring that the school's systems and controls are developed, implemented and maintained within the framework of propriety sound financial management. The North East Sheffield Trust (NEST) in safeguarding and applying the written Funding Agreement between the trust and the Department for Education (DfE) will enforce the application of the systems and operations within the School. In complying with the principles and requirements of the Academies Financial Handbook, this document outlines and provides detailed information regarding the accounts procedures and processes together with roles and responsibilities of personnel and those with governance responsibility.

Date approved:

Signed: (Headteacher)

Signed: (Chair of committee)

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## **Changes in this Edition**

- Changes to the Finance Committee membership and chair.
- Change to the title of Section 1 'Scheme of Delegation' to be financial in relation to this document. A specific Scheme of Delegation as defined in the Academies Financial Handbook which details governance structure and delegations is now published.

## Purpose & Scope

This policy together with supporting procedures are written for the purpose of ensuring that the school's systems and controls are developed, implemented and maintained within the framework of propriety sound financial management. The North East Sheffield Trust (NEST) in safeguarding and applying the written Funding Agreement between the trust and the Department for Education (DfE), will enforce the application of the systems and operations within the School.

In complying with the principles and requirements of the Academies Financial Handbook, this document outlines and provides detailed information regarding the accounts procedures and processes together with roles and responsibilities of personnel and those with governance responsibility.

The policy also covers other finance related policies such as depreciation, reserves, investments, charging & remission, staff expenses.

The mandatory application of the policy relates to all academies governed by NEST and should be read with due consideration to [EFA Academies Financial Handbook](#) and [HM Treasury publications 'Managing Public Money' \[MPM section 2.2\]](#) and ['Regularity, Propriety and Value for Money'](#).

## Section 1: Financial Scheme of Delegation

The North East Sheffield Trust (NEST) has delegated responsibility for management of the budget of Ecclesfield School to the Local Governing Body (LGB).

The LGB is responsible for the financial management of the school to ensure the best educational provision for its students. This policy statement specifies the decisions of the LGB with regard to financial delegations at committee level and to individuals with financial responsibilities.

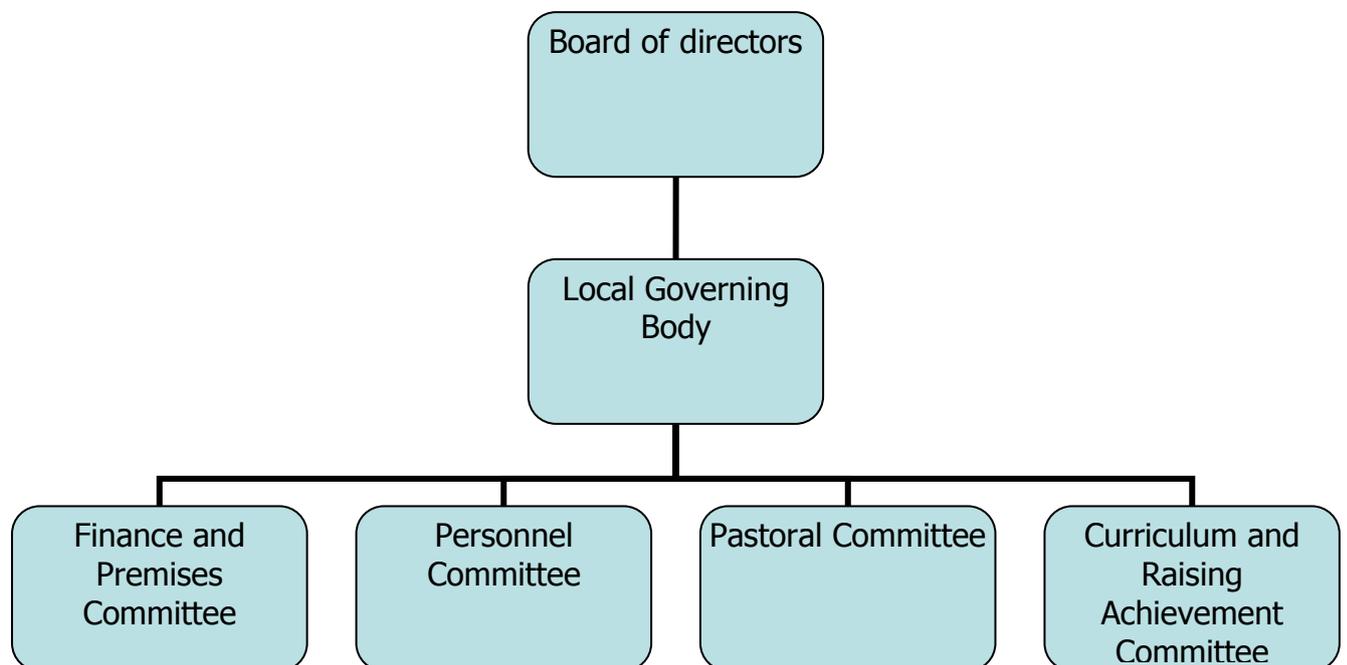
The Trust has overall accountability for the decisions by individuals and/or committees to which it has delegation within this scheme. Where responsibility has been delegated, all decisions and actions taken will be recorded.

### Organisation

The roles and responsibilities of all persons involved within the School's financial management are detailed in the following policy and procedure and give due consideration to the separation of duties, control checks and omission of function within the accountability framework for directors and staff.

### Roles and Responsibilities

#### Governance Structure



## The Board of Directors Responsibilities

Has overall responsibility for the finance of the School and, such responsibilities are set out in the Funding Agreement between the School and the DfE and in the Trust's Scheme of Delegation and include:

- approval of the annual accounts and Trustees Report;
- agreeing the long term financial objectives for the Trust
- ensuring that funds from the DfE are used only for the purposes intended; approval of the annual budget and any subsequent changes;
- approving transactions with connected parties;
- appointment of external auditors through the Finance & Audit sub-committee
- approval of orders and the award of contracts within the approval limits shown at Appendix 6 through Finance and Audit committee;
- through the Finance & Audit committee, appointment of the internal auditors and reviewing the reports of the internal auditors on the effectiveness of the financial procedures and controls.
- appointment of the Headteacher.

## The Headteacher Responsibilities

The Headteacher is the **Accounting Officer** with responsibilities as described in *Academies Accounts Direction* and more detailed in *HM Treasury publications 'Managing Public Money' [MPM section 2.2] and 'Regularity, Propriety and Value for Money'*. The Headteacher has personal responsibility for public finances for which they are accountable and must ensure that all proposals relating to expenditure and income give due consideration to propriety and regularity.

In addition, the Headteacher has overall executive responsibility for the school's activities including financial activities. Delegated responsibility is given to the Business Manager and the School Accountant for the purpose of managing operational activities within the School however, the Headteacher still retains ultimate responsibility within the aforementioned government and HM Treasury policy guidance.

The main responsibilities of the Headteacher include:

- reviewing, setting and authorising of the annual budget
- regular monitoring of actual income and expenditure against budget
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the Education Funding Agency guidance
- ensuring regular financial reporting to the Board of Directors are full and accurate
- authorising orders and the award of contracts within the approval limits specified in this policy
- authorising payments within the approval limits specified in this policy
- authorising changes to the School staffing complement. (Senior appointments must be approved by the Board of Directors).

- agreeing the delegated budget and authorisation responsibility within the school
- budget monitoring in liaison with Business Manager and School Accountant, identifying risks of overspend and implementing appropriate actions to mitigate.

### **Governors' Responsibilities**

The local management of the school lies with the Governing Body who is responsible for;

- Setting and reviewing the terms of reference for all sub-committees
- Agreeing the Financial Scheme of Delegation
- Ensuring on an annual basis that all staff and governors complete a Register of Business Interest
- Financial matters are reported to the Finance Committee and ratified at full body level
- Approval of the annual budget
- Ensuring returns to the EFA are monitored, discussed and signed by the Chair of Finance and Audit committee.

### **Business Manager Responsibilities**

The Business Manager is the **Chief Finance Officer (CFO)** and works in close collaboration with the Headteacher. The main responsibilities of the Business Manager are;

- to oversee the management of the schools financial position at a strategic level within the financial management framework
- the monitoring systems of internal control and internal audit
- ensuring that the annual accounts are appropriately presented and adequately supported by financial and/or other records of the school
- liaison with external auditors
- authorising orders and the award of contracts within the approval limits specified in this policy
- authorising payments within the approval limits specified in this policy.

### **School Accountant Responsibilities**

Is the **Company Secretary** and works in close collaboration with the Business Manager and responsibilities are;

- the operational leadership and management of financial matters including the establishment and operation of a suitable accounting system
- the maintenance of systems of internal control and internal audit
- the preparation of management accounts and reporting thereof to Finance and Audit committee
- preparation of annual accounts and supporting records. Presentation of said accounts to the senior team and board of directors
- liaison with external auditors

- authorising orders and the award of contracts within the approval limits specified in this policy
- authorising payments within the approval limits specified in this policy.
- ensuring all necessary returns to EFA and/or DfE are submitted in line with the published schedule of returns and timelines.

## **Finance and Other Staff Responsibilities**

All other staff with financial responsibilities i.e. Finance Officers and budget holders, will have financial responsibilities as detailed in the following sections of this policy.

The duty to ensure the schools property is adequately protected, avoiding loss or damage is the responsibility of all staff. In addition staff are responsible for ensuring resource efficiency and effectiveness and must comply with the school financial policy and procedures.

## **Internal Audit framework**

The school internal audit provision as defined through the Finance and Audit committee will have due consideration for the testing of the robustness of internal controls within the school. The main function of the internal audit framework is to provide assurance that:

- the financial responsibilities of the Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The board will appoint external auditors to undertake an annual programme of review which ensures the accuracy and effectiveness of financial transactions processing in line with financial policy as defined previously.

## **Role: Local governance**

In exercising its functions the LGB (Local Governing Body) shall;

- act with integrity, objectivity and honesty in the best interests of the school; and
- be open about the decisions they make and the actions they take and be prepared to explain their decisions and actions to interested persons.

Nothing in the above shall require the governing body to disclose material relating to:

- a named teacher or other person employed or engaged, or proposed to be employed or engaged, at the school;
- a named pupil at, or candidate for admission to, the school; or
- any matter which by reason of its nature, the governing body or a committee of the governing body are satisfied should remain confidential.

## **The strategic role of the governing body**

The governing body shall establish a strategic framework for the school by:

- setting aims and objectives for the school;
- review and set statutory policies for achieving those aims and objectives;
- setting targets for achieving those aims and objectives.
- maintaining an overview of the School Development Plan

The governing body shall monitor and evaluate progress in the school towards achievement of the aims and objectives set and regularly review the strategic framework for the school in the light of that progress.

In exercising the functions above, the governing body shall:

- ensure the school meets all statutory requirements
- (subject to any other statutory provision) comply with any trust deed relating to the school; and
- consider any advice given by the head teacher.

The governing body shall act as "critical friend" and supporter to the head teacher in the performance of his or her functions and give him or her constructive criticism.

## **Role: Headteacher**

The role of the headteacher shall be;

- the internal organisation, management and control of the school, and the implementation of the strategic framework established by the governing body.
- advising the governing body in relation to the establishment and review of the strategic framework, and in particular, shall;
  - formulate aims and objectives for the school, for adoption, with or without modification, or rejection by the governing body;
  - formulate policies for the school for achieving those aims and objectives, for adoption, with or without modification, or rejection by the governing body; and
  - formulate targets for the achievement of those aims and objectives for adoption, with or without modification, or rejection by the governing body.
- to report at least once every school year to the governing body on the progress made towards achieving the aims and objectives set in particular towards meeting specific targets set. This report will form part of the review of the School Development Plan within the planning and development cycle.

## **Delegation of functions by the governing body**

- In deciding whether or how to exercise any power to delegate governor functions, including the general power in regulation 41 of the Education (School Government) (England) Regulations (b) the governing body shall have regard to:

- the requirement that they should exercise their function with a view to fulfilling a largely strategic role in the running of the school and;
  - the responsibility of the headteacher for the internal organisation, management and control of the school.
- ***The headteacher shall comply with any reasonable direction of the governing body in performing any delegated function.***

## Finance & Premises Committee (Terms of Reference)

### **(Finance, Audit, Premises, H&S)**

- To act as Audit committee which oversees the internal controls and practices in place that ensure the school meets any statutory and regulatory frameworks (see specific duties below).
- To ensure the budget reflects the school's prioritised education objectives as detailed in the School Development Plan; seeks to achieve best value and is subject to regular effective monitoring.
- To establish formal documented procedures and a timetable for planning the budget to ensure that all relevant factors are considered.
- To ensure that planned expenditure for each year does not exceed the available resources.
- To monitor the amount of each budget allocation in the light of known activity and to take decisions on the virement of funds between budget headings, subject to the advice of the Headteacher and in the interests of the school achieving its overall aims and objectives.
- To ensure that the school has sound internal financial controls in place which safeguard the probity of its financial transactions and the reliability and accuracy of its financial records.
- To ensure that there are written descriptions of financial systems and procedures which are kept up to date and that all appropriate staff are trained in their use. Where necessary, the committee will ensure that the school obtains satisfactory support services.
- To formally approve the school's annual Financial Plan and any subsequent revisions to it.
- To approve expenditure in line with delegated limits specified in this policy.
- To be responsible for the premises and the learning environment.
- To deal with matters of school security.
- To oversee the School Fund and any gifts to the school and to arrange audit of the School Fund.
- To consider matters of health and safety relating to the school.
- To consider matters in relation to the PFI contract.

### **Reporting Arrangements**

The Committee will receive:

- A report on the annual proposed financial plan and the basis for its formation in line with the School Development Plan:
- A medium term financial plan supported by a report on the school's long-term financial plans including any reserves.
- Termly monitoring reports identifying significant expenditure and variances to the approved financial plan. The report should further highlight any recommendations on projected adverse positions and a forecast year-end position on which the committee can further discuss future plans.

## Delegated Authority

The Finance and Audit Committee has authority to make decisions on behalf of the full LGB to enable it to fulfil the responsibilities shown above. Decisions or recommendations will be reported to the full Governing Body for ratification.

The members of the Finance Committee are:

M Lavery	Chair and Internal Audit Officer
R Walker (Chair of LGB)	Chair of LGB
L Heeley	
Iain McKinney	
Vacancy	Staff Governor
J Wirth	Headteacher
J Holliday	Clerk
Also in attendance for purposes of presentation	
A France	Business Manager
L Denton	School Accountant/Company Secretary
Any other staff who for the purposes of presentation on a given subject matter and by invitation of the committee	

## The Audit Committee (Terms of Reference)

The Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from the financial statements auditor, Governors, Committees and employees, plus relevant information from subcontractors and other third parties. In addition, where appropriate, the committee may seek external professional advice.

*NB. The Board must not add to these terms of reference responsibilities that require the Audit Committee to adopt an executive role, or its members to offer professional advice to the Board. The Audit Committee should seek formal professional opinions from the audit services, financial statements auditor or other professional advisers to the Board. Advice should only be given in Committee members' capacity as Governors and only within their terms of reference.*

### **Duties**

The duties of the Committee shall include:-

- monitoring the adequacy and effectiveness of the schools systems of internal control and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money).
- advise the Board on the appointment, re-appointment, dismissal and remuneration of the external audit services.
- advise the Board on the scope and objectives of the work of the internal audit framework and the external auditor.

- ensure effective co-ordination between the internal and external audit provision.
- consider and advise the Board on the internal audit strategy and annual external audit plans.
- advise the Board on reports received as a result of audit.
- monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit checks and external audit annual reports.
- considering and advising the Board on relevant reports by the National Audit Office, the Education Funding Agency (including those from the local provider financial assurance teams) and other funding bodies and, where appropriate, management's response to these.
- establish in conjunction with school relevant performance measures and indicators for monitoring the effectiveness of the audit services.
- monitor the school's risk management plan and advising the Board on its adequacy and effectiveness.
- produce an annual report for the Board and accounting officer which should include the Committee's advice on the effectiveness of the school's risk management, control and governance processes and any significant matters arising from the work of the internal audit service and the financial statements auditor.
- monitor and advise the Board on any alleged fraud and irregularity in the school's financial and other control systems and ensuring that all allegations of fraud and irregularity are properly followed up in line with the [Fraud Policy.docx](#).
- Recommend the annual financial statements to the Board for approval.

## The Personnel Committee (Terms of Reference)

- To determine the staff complement
- To determine staffing structure
- To review annually the performance management policy and to authorise implementation
- To review annually the school's pay policy and authorise implementation
- To manage the annual salary review and make recommendations for pay progression to the finance committee
- To monitor performance of the Headteacher
- To conduct the annual performance review of the Headteacher (with appropriate external advisor) and make recommendations for progression
- To approve staff contractual changes
- To recruit staff
- To consider actions resulting from the imposition of schools policy on managing staff performance, disciplinary, grievance or any other policy detailed at the school.
- To develop and systematically review policies relating to staffing matters and to make recommendations for change/implementation to the full governing body
- To hear appeals made by staff in relation to the above
- To consider special payments e.g. severance/compensation/ex gratia in line with the conditions of the Academies Financial Handbook.
- To review policy in relation to the management of staff absence

- To consider agree and monitor the schools professional learning strategy in relation to staff and governors.

## Section 2: Financial Controls

### Internal Controls

In order to ensure robust transactional processing and to ensure the prompt detection of errors, the duties of staff involved with financial transactions will be distributed so that at least two people are involved in processing receipts and payments. Work of one person should be counter-checked with any such checks will be documented as being carried out.

Alterations to documents will be made in ink; correcting fluid or erasure will not be used.

Where paper based documents require signature this must be original and in ink and will be sufficient to identify the signatory concerned (i.e. ticks, rubber stamps or scanned signatures are not acceptable.).

Documentation processed by electronic means may be authorised by an electronic signature.

Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the arrangements the school retention of records procedures.

### Separation of Duties

The school has processes in place to ensure there is effective separation of duties which mitigate against potential for fraudulent activities.

<b>Role</b>	<b>Function</b>
Headteacher	Signs and authorises orders Signs cheques 2 <sup>nd</sup> signatory 2 <sup>nd</sup> approval BACS
Business Manager	Authorises Payroll Signs and authorises orders Signs cheques 2 <sup>nd</sup> signatory 2 <sup>nd</sup> approval BACS
Accountant	Signs and authorises orders (in absence of above) Signs cheques 2 <sup>nd</sup> signatory 1 <sup>st</sup> or 2 <sup>nd</sup> approval BACS Manages operations in accounting system

Finance Officers	Commit orders Receive goods Process invoices and payment Administration of receipts/income Operates procedures in accounting system 1 <sup>st</sup> approval BACS
Admin Manager	Processing payroll input only

## **Section 3: Financial Systems and Processes**

### **Financial Planning**

The Headteacher will ensure the preparation of a financial plan for consideration by the Finance Committee in the summer term, and to be submitted to EFA by the specified deadline date.

The financial plan will:

- Reflect the first year of the school's planned income and expenditure, subject to the level of resources available to the school, and cover at least the following two financial years.
- Demonstrate in financial terms how the school intends to use its resources to achieve the aims and objectives stated in the School Development Plan.
- Be an integral part of the budget process and form the link between the School Development Plan and the school budget.
- Be reviewed termly with any amendments forming part of the termly report to the Finance Committee.

A draft budget will be presented to the Finance Committee in June.

The Headteacher will be responsible for:

- The preparation of the draft budget and its costing.
- The retention of documentation of the principles and calculations used in the preparation of the budget.
- Any necessary reviews of the financial plan and the school's development plan objectives to reflect final budget decisions that are made in the light of known resources.

The Governing Body will consider the draft budget and either approve it or return it to the Finance Committee for amendment.

The Headteacher will forward an approved budget to EFA by the date specified on the published schedule of School activities.

Governors will consider amendments to the proposed financial plan in line with the priorities identified as part of the schools development planning.

Where capital expenditure is determined within the financial plan, this must be in line with the requirements of the Academies Accounts Direction.

## Budget Monitoring and Control

The Headteacher will ensure that the process of monitoring actual income and expenditure against the budget is continuous. The Headteacher will;

- Nominate budget holders for specific curriculum and non-curriculum cost centres.
- Produce a basis for the allocation of curriculum allocations and notify budget holders prior to the start of the financial year of such allocations.

The Headteacher may vire amounts up to £25,000 between budget headings without reference to the Finance Committee. Virements in excess of £25,000 must have the prior approval of the Finance Committee. The Headteacher is responsible for ensuring that the school's budget and finance systems are updated to reflect all virements and changes to the budget.

Day to day responsibility for monitoring and control lies with each budget holder who must take measures to ensure the allocation is not exceeded without the prior written approval of the Headteacher and given due consideration to the requirements of the cost centre plans and curriculum delivery.

The finance team will be responsible for co-ordinating the day to day monitoring process.

Budget holder will receive a monthly report detailing the financial position of that cost centre. *Additionally, real time information on the position may be obtained through the Budget holder web portal.*

The Headteacher will receive financial information regarding the school's position together with details of budget holder spending levels. This will be subject to discussion with Business Manager and Accountant in advance of Finance Committee meetings and must identify any changes within delegated limits and changes above delegated limits approved by governors.

The Accountant will present to the Finance Committee on a termly basis details of the actual and committed spending compared with the budget, with written explanations of any significant variances and a forecast of the school's expected year end position. A report showing the current and forecast cash flow position will also be reported to the Finance Committee on a termly basis.

# Banking Arrangements

## Selecting a bank account

- The school is responsible for selecting the banking institution and negotiating the terms and conditions
- The governing body must authorise the opening of all bank accounts
- Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
- The school must notify the EFA in the event of a bank account being opened
- The bank, in writing, that their accounts must not become overdrawn
- The schools must ensure there are sufficient funds to cover large payments
- The school must operate its banking arrangements in line with the above and not exceeding funds available to the school
- The school should operate its banking arrangements to meet the needs of the school.
- The school may deposit funds in fixed term higher interest deposit accounts where there are clearly identifiable reserves (in line with the reserves policy)

## Bank Mandate

- All cheques must have two signatories with first signatory signing within their delegated limit.
- BACS processing must be in line with the specified delegated limits and following due process as identified in Appendix 6
- The bank mandate must be changed when relevant staff leave the employment of the school.

## Bank Account Controls

There must be a segregation of duties between the authorisation, preparation and issue of cheques and processing of BACS payments.

## Cheques

- All cheque books must be stored securely in a lockable safe.
- Cancelled cheques must be retained.

## Cash Flow

- The bank accounts must not overdraw.
- Finance staff must ensure regular checks on the status of the account and should be aware of large payments which could pose cash flow problems.
- The EFA must be immediately informed where potential cash flow issues may exist. A full explanation of the reason must be given to support any request is made for draw down on funds prior to the due dates in the published schedule

## **Direct Debits**

The use of direct debit for regular payments on services, provided these services are secure (i.e. rates, leases etc.) are permitted. There must be;

- Governor agreement to use direct debit arrangements
- Record of each direct debit set up, listing payment details, dates, length to run etc.
- VAT can be re-claimed, provided supplier submits a VAT statement
- Reconcile direct debits regularly
- Be aware of direct debit payments due when calculating cash flow

## **Debit Cards**

The use of a debit card to support procurement and best value has been approved by the governing body. The following procedures ensure suitable controls for use and clearly identify authorised users.

- Staff authorised as users and who have read and agree to the procedures detailed at Appendix 1;

Headteacher  
Business Manager  
School Accountant  
Finance Officer (one nominated)

- The Finance Officer will control the use of the cards and their security and will oversee the following:
  - cards will be stored in the school safe at all times except where it is required for official purchases of the school by an authorised user
  - the spending limit on the card is set in line with the delegated limits
  - cards can only be used in conjunction with the core purpose of the school

## **Bank Account Management**

- The EFA will advance the GAG to the school in monthly instalments, payment directly into the bank
- The Accountant must ensure the instalments are recorded into the financial management system on receipt
- The Accountant will ensure appropriate reconciliation of sums received to against the published funding statement
- Regularly reconciliation of all bank accounts and debit card must be performed to aid cashflow.
- The Accountant must ensure all bank charges, interest and direct debit payments, are entered on the financial software accurately
- Reconciliations to be countersigned by the Business Manager and Headteacher
- Adjustments must be dealt with promptly, with a clear audit trail

## Information Systems Management

The Headteacher will be responsible for the school maintaining accounting records and information utilising appropriate financial management software systems and for ensuring that the school is registered in accordance with the Information Commissioner Office (ICO) to meet the requirements of the Data Protection Act 1998.

The Headteacher will ensure that there are effective back-up procedures in place which ensure security of financial data. Such back up controls and media must be stored securely to support business continuity.

Only authorised staff will have access to hardware and software within the school therefore mitigating against the risk of data loss. In addition, passwords will not be disclosed and there will be procedures in place to ensure they are changed regularly. Only authorised software is authorised for use in the school.

Access to computerised systems should be restricted to those members of staff authorised by the Headteacher and their permission levels should be set appropriately to enable them to carry out their designated tasks and to re-enforce the principles of internal control set out in previous sections of this policy document.

## Purchasing Procedures

### Purchasing

Where goods or services are provided by individuals or organisations **connected** to the Trust, such items **must** be provided at *'no more than cost'* for items in excess of the *de minimus threshold of £2,500*, on the basis of an open book agreement and supported by statements of assurance.

Where transactions are considered to be **novel and/or contentious** in nature (i.e. where the school/trust has no experience, or where the transaction is outside the normal business activity for the trust) such transactions **must always be** referred to the EFA for explicit prior authorisation.

- Individuals responsible for placing orders will ensure that a best value exercise has been performed and that the remaining budget is sufficient to meet the proposed order value, prior to an order being committed.
- The following limits apply in relation to quotations;
  - If the estimated cost of an item is less than £1,000, two verbal quotations are required and should be noted by the Finance Officer.
  - Items between above £1,000 but less than £5,000, three quotations will be obtained, verbal or written and the details recorded.
  - Items above £5,000 and upto £49,999, three written quotations.

- In case of procurement of items or contracts with a value exceeding *£25,000* the decision on which quotation to accept will be referred to the Finance Committee with the exception of school trips/visits which, governors will authorise in advance of the trip taking place via the EVOLVE system.
- If the estimated cost of a contract exceeds *£50,000*, then the tendering procedures as specified in the schools [Procurement & Tendering Policy.doc](#) and the Finance Committee will decide which tender to accept.
- Where the procurement of goods or services exceeds the EU threshold value the school should first consult with the EFA in advance and application of OJEU regulations will apply.

### **Requisitioning of goods/services**

The procedure for budget holder requisitions is detailed at Appendix 2

### **Orders**

- Orders will be issued for all goods and services (either manual or electronic) with the exception of those service agreements which require a written and signed contractual agreement between parties.
- All orders will be issued using the schools official stationery and must detail of the goods or service required together with the estimated or agreed price, net of VAT.
- Any order made by telephone must immediately be committed to the financial system and an official confirmation order forwarded to the supplier as soon as possible.
- Supporting purchases/contracts documentation (i.e. specifications, quotes, tenders and correspondence) must be retained with the copy order.
- Orders will be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use.

### **Signatories**

- Orders will be authorised in line with the delegated limits detailed in the appendices.
- Details of individuals authorised to sign orders, certify invoices, sign cheques, authorise BACS are recorded in *Appendix 6*.

### **Payments**

- Individuals in receipt of goods or services must make checks to ensure that they are in accordance with the order. The individual will sign (either manually or by electronic signature) to authorise the receipt of those goods/services and return such authorisation to the finance team.

- Payments will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks.
- Payment will only be made against an official invoice.
- Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations.

## Security

- Blank order sheets will be held securely, with access to them restricted.
- Similarly access to cheque books/stocks of blank cheques will be controlled.
- The holding of excessive stocks of order sheets or cheques will be avoided.

## Leasing

Where the school engages in leasing of equipment, due consideration must be given to the types of lease, as defined under relevant financial reporting standards which are:

- Finance leases (which are a form of borrowing) and;
- Operating leases (which do not involve borrowing).

The school will seek appropriate professional advice from external auditors where doubt exists regarding the lease type.

Prior written approval from the Secretary of State, via the EFA, for the following leasing transactions must be obtained;

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of seven or more years; and
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

The Trust **may** take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without the Secretary of State's approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require the Secretary of State's approval.

All leases **should** be disclosed in trusts' annual accounts in accordance with the Academies Accounts Direction.

Where a lease requires the Secretary of State's consent, the EFA will be contacted in the first instance.

***The Trust will ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the Secretary of State is required.***

Where the Trust enters into a lease arrangement it will utilise the tools available from the DfE and the National Association of School Business Management as defined in [Tips for Successful Leasing in Schools](#).

**In all of the transactions covered in section above, irrespective of whether the Secretary of State's approval is required, the Trust should:**

- obtain relevant professional advice where appropriate, including that of their external auditor where necessary;
- ensure that the decision represents value for money, and is justified as such;
- agree internal delegation levels within the school; and
- disclose aggregate figures for transactions in each of the categories in the previous section as a note to their annual accounts. ***In addition, separate disclosure is required in the annual accounts of each transaction covered in section above £5,000.*** (Note: Other than what is required under financial reporting standards, the Charities SORP and the Academies Accounts Direction, disclosure can be anonymised).

## **Assets and Security**

### Depreciation of Assets

The value set by the Trust for the purposes of asset depreciation is £5,000 per item. Depreciation is applied as follows;

Land and Buildings	Over the useful life as defined
ICT	Over the warranty period
Fixtures, Fittings and Furniture	Over 3 years
Motor Vehicles	25% reducing balance

### Control of Assets

The Headteacher is responsible for the safekeeping of the school's assets and for ensuring that proper records are maintained. The school will maintain inventories for each appropriate area/department of the school.

The Governing Body should authorise all write offs and disposals of surplus stock and equipment.

## **The Key Priorities for Controlling Assets:**

- All items of cash and property should be kept safely;
- Stock items should be maintained at a reasonable level;
- An inventory should be maintained for all attractive portable items with a note of make, model and serial numbers and purchase value;
- Inventories should be checked at least once a year against physical items;
- Details of property taken off the school site should be kept in a register;
- Safes and similar receptacles must be kept locked and the keys removed.

## **Items to be included on an Inventory**

An up-to-date inventory of all items of equipment with a purchase value of £1000 (excluding VAT) or more should be recorded.

Items such as DVD players, laptop computers, cameras etc. should be included on the register as attractive and portable items.

All items of office furniture and equipment should be included.

Records should include the following information for each item:

- Date of acquisition;
- Description of the item;
- Unique identification mark (i.e. serial number) if applicable;
- Cost (excluding VAT);
- Department;
- Location;
- Responsible person;
- Date of disposal (when required).

## **Inventory Procedures**

Appropriate items should be added to the inventory as soon as possible after receipt, including items on loan or rent from other establishments.

Items belonging to the school should be identified as school property with an appropriate security marking.

## **Equipment on Loan**

Occasionally equipment may be borrowed from the school; however it should not be removed from the school premises without authority. Information regarding the individual who has loaned the equipment should be recorded in the appropriate inventory information.

## **Disposal of Items**

If there are any items that need to be written off, details should be submitted to the Finance Committee for their approval to write them off. All decisions should be detailed in the minutes and the inventory record updated.

If a school wishes to sell an inventory item then the proceeds must be paid into the school bank account immediately. The school should consider whether VAT is applicable if an item is sold.

The disposal of computer equipment must give due consideration to data security. Where computer equipment is sold this must be removed of all data and software licensed under the school. Where equipment is disposed of, this must be performed using secure disposal means (e.g. recognised information and data disposal organisation) and certification to confirm such disposal received.

## **Inventory Checks**

Each year a physical check of all items contained in the inventory should be made. Ideally someone other than the person responsible for the maintenance of the inventory should carry this out. Any discrepancies should be investigated promptly and, where significant, reported to the Finance committee. Records of the inventory check must be retained for audit purposes.

## **Security of Assets**

Inventory and stock items should be secured where possible and must be identified as belonging to the school with a security marking.

The following procedures should be followed in relation to safes and stores:

- Safes and stores should be kept locked at all times;
- Keys should be held securely by an individual designated by the Headteacher;
- Keys should be removed and should not be marked with the location they relate to;
- The loss of any keys should be reported immediately to the Headteacher.

Schools should ensure that they have adequate insurance to cover all their assets on and off (if applicable) the school site.

## Audit

As part of the schools internal audit framework, items on the inventory and asset register may be inspected to test the robustness of the recording systems.

Internal Audit will be checking to ensure:

- The inventory record contains sufficient detail including purchase order number, prices, serial number, location, make, model;
- The inventory record is up to date;
- A physical check between inventory record and physical existence is undertaken (and if yes, that the date of the check and a record of who undertook it is recorded);
- A written record of the annual inventory check is documented and securely retained.

## Petty Cash

The Headteacher is authorised to decide what amounts of petty cash are held in school and by whom. The person holding the cash must sign to accept responsibility for it and the Headteacher remains responsible for the total amount in the school. The Headteacher will ensure that the cash sums held are covered by insurance and for security reasons do not exceed £500.

Petty cash floats will be reconciled on a monthly basis by the Finance Officer.

Staff authorised to hold petty cash are responsible for:

- Obtaining proper vouchers and receipts for all cash payments made;
- Obtaining receipts that identify any VAT relating to the purchase;
- Ensuring the safe custody of cash;
- Producing on demand to the Headteacher, auditor or other authorised person, cash and vouchers/receipts equal to the total amount held.

The petty cash amounts will only be reimbursed from the school bank account. Cash income from other sources must not be used to reimburse petty cash.

The use of petty cash will be limited to minor items for which there is proper authority and provision in the budget. Petty cash will not be used for paying regular suppliers, mileage claims by staff or for the purchase of items in excess of £50. Where items exceed £50 and it is not practicable to issue an official order or use a procurement card, prior documented approval from the Headteacher will be required in order to use petty cash.

## Income

The Governing Body, through its Finance Committee and subject to the recommendations of the Headteacher, will establish a charging policy for the supply of goods and services by the school.

The Headteacher is responsible to the Governing Body for accounting for all income due and cash collected as set out in the charging policy.

The charging policy will be reviewed annually by the Governing Body to ensure that levels of charges fall in line with school policy and at least cover the costs of the service provision.

Where invoices are required they will be issued promptly by the Finance Officer. Where possible the school will obtain money in advance of supplying goods or services to improve the school's cash flow and avoid the time and cost of administering debts.

Receipts and banking will be cross-referenced to debtors by the finance staff.

Bad debts will only be written off with the formal approval of the Finance committee.

The finance staff will issue pre-numbered receipts for all income collected except where formal records (e.g. class sales book) are maintained. Where a receipt is not given there will be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained.

The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be receipted and banked as soon as possible. Cash held on school premises will be kept to a minimum within the limits specified in the schools insurance policy and in a lockable safe accessible only by authorised finance staff.

The responsibility for identifying money due to the school will, as far as is practicable, be kept separate from the responsibility for collecting and banking money.

Cash income will be kept separate from petty cash and other private fund money.

Staff and governors may not use their personal bank accounts or the school private fund account for any payment or receipt relating to the school's budget. Personal cheques will not be cashed.

## School Private Funds

The Governing Body has opted to operate separate bank account for its school visits and other non-curriculum activities. The fund must be included within the schools main financial accounts and included in the annual audit and annual accounts submission to the EFA.

Accounting procedures for the school fund will reflect the standards required for accounting for public money.

There will be a proper separation of the voluntary funds and related accounting records from those for the school's budget.

## **Employment of Personnel and the Administration of Payroll**

Payroll costs represent the largest single item of expenditure within the school budget it is the responsibility of the Headteacher and Governing Body to ensure that effective controls are in place when employing individuals and administering their pay.

### **Employment of Personnel**

The school must ensure that an effective process is in place to manage the recruitment and selection process and that;

- All new appointments and variations to contracts should be approved by the Governing Body and authorised by the Headteacher having given consideration to the budget implications and the requirements of the school to deliver an effective curriculum;
- The Headteacher should ensure robust systems for recording personnel information employed by the school are in place
- Pre-employment and vetting checks (i.e. references, qualifications and DBS checks) must be verified prior to the employee commencing employment with the school in line with statutory requirement;
- Only authorised staff should have access to the payroll records but procedures should be in place to allow staff to access their own records;
- All payroll records should be stored and processed in accordance with the Data Protection Act 1998.

### **Payroll Administration**

- The school should ensure that payments are only made to bona fide employees;
- The school should ensure that payments are made in accordance with individual conditions of employment;
- Deductions in relation to taxation, national insurance and superannuation is the responsibility of the school and will be correctly instructed to the payroll administrator;

- Wherever possible, the responsibility for making changes to individual's conditions and termination of employment should be kept separate from the duties associated with processing the payroll;
- All additional payments to individuals must be made using the schools official claim forms and submitted to authorisers before submitting for certification to the schools payroll administration personnel;
- At least two people should be involved in the completing, checking and authorising of documents and claims relating to payroll and expenses;
- Monthly checks must be made to ensure that payroll transactions accurately reflect the school's records. The checks should include;
  - Ensuring that additional hours claims are validated and copies are retained for comparison with the payroll reports;
    - Monthly payroll report should be reconciled to the payroll direct debit to ensure the accuracy of the deductions from the school's bank account;
    - Monitored to verify accuracy of pay entitlement for contract staff;
    - Monitored to verify accuracy of pay entitlement for additional hours.

## Third Party Payroll Provision

The school operates payroll administration under a Service Agreement with Dataplan Education. The following individuals are authorised for payroll administration as follows;

Headteacher	Authorise Payroll View Payroll Reports
Business Manager	Submit payroll changes Authorise Payroll View Payroll Reports
Accountant	View Payroll Reports
Admin Manager (HR admin)	Submit Payroll changes View Payroll Reports
Admin Supervisor	Administrates claims and checks prior to submission to Admin Manager

### Service Agreement - Payroll

The agreement between the school and the payroll provider is available on request at the school and includes clear responsibilities including;

- Payments by secure BACs transfer
- Monthly payments with ad-hoc payments on request in writing by the school

- Clear deadline dates for submission of payroll input information
- Salary payment date to staff
- Submission dates for pension and HMRC payments
- Preparation of end of year returns
- Personnel authorised to instruct on starters and leavers at the school
- Personnel authorised to make changes to payroll
- Personnel authorised to access payroll data
- Reports provided by payroll provider
- Agreed format for providing payroll input information
- Back-up provision
- Indemnification in the event of loss or corrupted data

## **Charging and Remissions Policy**

The schools has a specific policy in relation to charging and remission.

## **Reserves**

The management of reserves is detailed in the schools Reserves Policy.

## **Investments**

The management of investments is detailed in the schools Investment Policy.

## **Staff Expenses**

The management and administration of staff expenses is detailed within the schools Staff Expenses policy.

## **Appendix 1 - Procedures for the use of debit cards**

The Governing Body authorise the card to be used after giving consideration to the risks and the controls needed:-

- i) Authorised users as defined in the policy
- ii) Maximum value to use on the cards spending limit will be £2500
- iii) Instructions on the scope of use of the card will be within the terms of reference for the Headteacher.

The Finance Officer who is not a card signatory shall monitor the signing-out procedure implemented for the issue of the card to authorised staff.

Documentary proof of any goods purchased with the debit card, including details of the nature and cost of those goods (such as vouchers, receipts), should be returned to the person responsible for recording card transactions as soon after each purchase as is reasonably practical.

Transactions should be reconciled to statements by someone other than the cards' signatories. Schools should ensure that debit card transactions are reconciled to the bank statements at least on a monthly basis.

## **Appendix 2 - Requisition Procedure**

- Complete a requisition through the web portal requisition system. If you do not have access, the requisition must be referred to the finance team for checking.
- Complete details regarding supplier, product code (where known) and/or product description
- Where cost is known complete this information and the quantities required.
- Where the supplier is not known, this should be referred to the finance team and will be included as part of the best value exercise.
- Requisitions must be in line with departmental priorities.
- Budget holders must ensure sufficient funds are available before placing a requisition. Information can be found 'real time' on the web-portal to support this.
- Requisitions may only be placed for official school use.
- The budget holder must authorise the requisition.
- Approved requisitions will be forwarded electronically to the finance team for order processing.
- The official order will be processed and committed by the finance team and authorisations performed in line with delegated authorisation limits as defined in this policy and procedure.
- Only an authorised personnel can sign the order and this must be done with due consideration to separation of duties.

### **Appendix 3 - Receipt Of Goods Or Services**

Under normal circumstances, reception will be the point of delivery for goods/services. In relation to the procurement of contracted services, the authorisation is the Headteacher who may delegate (within delegated limits) to the Business Manager. For all contracted services above the delegated limit of the Headteacher, governor approval must be obtained.

#### ***Receipt of Goods***

- Delivery notes must be signed (note where items have not been checked or are damaged on delivery) a copy retained and passed to the finance team.
- Finance team will mark ready for distribution in school.
- Any invoices attached to parcels will be retained by finance team.
- Budget holders must report discrepancies, damaged items or incorrect items to the finance team.

#### ***Receipt of Services***

- Services should be signed by the relevant authorised person. In the absence of the relevant person, the delegated deputy may sign or a member of the Senior Leadership Team.
- Pass the service note to the finance team.
- Services must be checked promptly by the relevant person and the service note annotated regarding quantity (where detailed) and quality of service. The person checking the service must be confident that it has been provided to the best possible standard.

#### ***Returned Goods***

In the event that goods are unsatisfactory, the finance team will liaise with the supplier to arrange return or replacement. All information should be recorded on the financial system to ensure audit trail and open and transparent records are maintained.

Where no replacement can be made, a credit note must be issued to the school by the supplier.

## **Appendix 4 - Purchase Invoice Processing**

- Only authorised staff should carry out the payment process
- Segregation of duties must be maintained
- Purchase invoices should be matched against a delivery note
- Invoices must be checked for accuracy
- Suppliers' statements should be regularly reconciled to outstanding invoices
- Invoices must relate to official orders. If this is not the case, they should not be paid unless dispensation has been made to the staff who ordered the items
- Payments must comply with HMRC taxation requirements
- Invoices must be authorised by budget holder and payment authoriser
- Invoices must be paid against original order commitment
- Payment should be made within the supplier payment terms

## **Appendix 5 - Petty Cash Procedures**

- Deposits to the petty cash balance must only be made via a cheque cashed specifically for that purpose. Records must be kept of date, cheque number.
- Petty cash must not exceed the maximum limit and be kept secure. Only those authorised may have access to the cash.
- Payments can only be made on a receipt with a completed petty cash voucher attached which must be signed and authorised by the relevant person.
- A VAT invoice must be produced to reclaim VAT.
- Cash payments can only be made up to the agreed limit (£50).
- Petty cash cannot be used to pay wages or sub-contractors liable under the Construction Industry Scheme.
- Petty cash cannot be used to cash personal cheques.
- Petty cash payments must be recorded, with a consecutive reference number.
- Regular reconciliations must be made and checked by another person.

## Appendix 6 - Delegated limits of Authority

### ***Authorisation of Orders***

Finance Committee	Over £25,000
Headteacher	Upto £25,000
Business Manager	Upto £15,000
Accountant	Upto £10,000
Finance Officer	Upto £2,500

### ***Authorisation of Invoices***

Headteacher	No limit
Deputy Head	Upto £50,000
Business Manager	Upto £50,000
Accountant	Upto £10,000
Finance Officer	Upto £2,500

### ***Payment processing (including BACS)***

Headteacher	No limit 2 <sup>nd</sup> Authoriser BACS
Deputy Head	Upto £50,000 (cheques only)
Business Manager	Upto £100,000 2 <sup>nd</sup> Authoriser BACS
Accountant	Upto £50,000 BACS 1 <sup>st</sup> or 2 <sup>nd</sup> Authoriser
Finance Officer	No limit 1 <sup>st</sup> Authoriser BACS
Cheques: must be signed by two signatories with the main signature being within delegated limit	

## Appendix 7 – Internal Audit

### *Recommended schedule*

<b>AREA</b>	<b>TERM 1</b>	<b>TERM 2</b>	<b>TERM 3</b>
<b>Main focus</b>	<b>Compliance</b>	<b>Systems</b>	<b>Compliance</b>
Audit framework (annual)		<b>Y</b>	
Last Internal Audit Report (each visit)	<b>Y</b>	<b>Y</b>	<b>Y</b>
Budget planning, monitoring and reporting (each visit)	<b>Y</b>	<b>Y</b>	<b>Y</b>
Financial oversight and control (annual)		<b>Y</b>	
Governance (annual)		<b>Y</b>	
Risk management (annual)		<b>Y</b>	
Purchasing (twice per annum)	<b>Y</b>		<b>Y</b>
Income (twice per annum)	<b>Y</b>		<b>Y</b>
Payroll (twice per annum)		<b>Y</b>	<b>Y</b>
Cash and control (twice per annum)	<b>Y</b>		<b>Y</b>
Assets (annual)		<b>Y</b>	
Leases (annual)		<b>Y</b>	
Catering (risk based)			<b>Y</b>
Lettings (risk based)			<b>Y</b>
Pupil premium (annual)	<b>Y</b>		
Benchmarking (annual)	<b>Y</b>		

## Appendix 8 – Scheme of Delegated Financial Authority

Function	N.E.S.T. (The Trust)	LGB	Finance & Audit Committee	Personnel committee	Headteacher (Accounting Officer)	Business Manager	Accountant	Finance Officers	Budget Holders
<b>Accounting &amp; budget setting</b>	Approval of statutory Trust Report and Annual Final Accounts for submission to EFA by 31 <sup>st</sup> December	Ratification of annual budget and management accounts.	Approval of annual budget.  Approval of termly and annual management accounts		Sign off of budget and management accounts prior to committee approval.	Lead the preparation of annual budget  Authorisation of management accounts for submission to Headteacher  Lead on ensuring sound systems of financial control	Preparation and presentation of budget.  Preparation of annual accounts for presentation to Headteacher and F&AC.  Monitoring and control of budget and financial transactions to ensure accurate and up-to-date financial information to the school.	Supporting the reconciliation of banking arrangements	
<b>Assets</b>			Approval of disposals and obsolete equipment			Ensure accurate and up-to-date asset register and inventory of items  Ensuring appropriate systems for management are in place	Ensure the control of asset recording and accurate and up-to-date information is maintained.	Support the control asset recording and accurate and up-to-date information is maintained.	Manage the security of assets within area.  Ensure notification of disposals and obsolete items to financial

Function	N.E.S.T. (The Trust)	LGB	Finance & Audit Committee	Personnel committee	Headteacher (Accounting Officer)	Business Manager	Accountant	Finance Officers	Budget Holders
									services.
<b>Audit</b>		Set the terms of reference for committees	Act as Audit committee ensuring appropriate internal controls are in place and routine checks are performed by nominated person.  Appointment of external auditors.  Receiving reports from auditors and ensuring actions are taken in response to recommendations.			Ensures checks and controls are in place.  Liaises with external auditors and internal audit.	Ensures checks and controls are in place.  Liaises with external auditors and internal audit	Supports reconciliation	
<b>Procurement and Tendering</b>			Approval of orders in excess of £25,000. Review and approval of tenders for procurement of goods and services over £50,000		Approval of orders upto £25,000	Approval of procurement orders upto £15,000.  Preparation of tender documentation in liaison with appropriate	Approval of orders upto £10,000	Approval of orders upto £2500	Authorisation of departmental requisitions

						internal service leads. Monitors the internal systems.			
<b>Function</b>	<b>N.E.S.T. (The Trust)</b>	<b>LGB</b>	<b>Finance &amp; Audit Committee</b>	<b>Personnel committee</b>	<b>Headteacher (Accounting Officer)</b>	<b>Business Manager</b>	<b>Accountant</b>	<b>Finance Officers</b>	<b>Budget Holders</b>
<b>Remuneration</b>		Sets terms of reference for LGB committees  Determines remuneration policy		Approves and recommends remuneration policy for consideration at LGB	Performs Performance Related Remuneration reviews and makes recommendations to Personnel committee.  Can authorise payroll run.	Ensures payroll systems are in place and monitored for efficiency.  Certifies additional hours claims and expenses/mileage claims.  Checks monthly payslips and authorises payroll run.  Ensures pensions and payroll regulations are met.	Monthly monitoring of payroll.  Monthly checks on pension deductions and submission of pensions information to appropriate administering bodies.		
<b>Payments</b>  <b>(note: all cheques must have two signatories with main signature being within</b>					Authorises payment - No limit (One of two authorisers).  2 <sup>nd</sup> Authoriser BACS  (Note: Deputy Head authorises	Upto £100,000 (one of two authorisers)  2 <sup>nd</sup> Authoriser BACS	Upto £50,000 (one of two authorisers)  1 <sup>st</sup> or 2 <sup>nd</sup> Authoriser	Authorises goods received to order quantities. Receives GRN matches to order and processes	No limit  1 <sup>st</sup> Authoriser BACS

<b>delegated limit)</b>					upto £50,000 on cheques only)			invoice for payment. Makes payment to suppliers within payment terms.	
<b>Function</b>	<b>N.E.S.T. (The Trust)</b>	<b>LGB</b>	<b>Finance &amp; Audit Committee</b>	<b>Personnel committee</b>	<b>Headteacher (Accounting Officer)</b>	<b>Business Manager</b>	<b>Accountant</b>	<b>Finance Officers</b>	<b>Budget Holders</b>
<b>Insurances</b>			Approves insurance cover		Approves cover for presentation to F&AC	Performs insurance tender exercise and due diligence of cover requirements	Supports the tender process		
<b>Reserves</b>	Approves policy		Approves policy for consideration by the Board with recommendations for reserve levels.		Liaises with LGB regarding appropriate use of reserves.	Oversees reserves fund and appropriate use in line with policy.	Monitors reserves in line with policy requirements and limits		
<b>Investments and borrowing</b>	Approval of investments and borrowing	Ratification of recommendations for investment from F&AC	Monitoring adherence to the policy.  Appointment of investment advisors/managing agents, and for deciding changes between the proportions of funds invested		Internal approval and recommendation to F&AC	Oversee investment opportunities and requirements for borrowing	May propose to Business Manager investment opportunities		

<b>Taxation</b>						Ensures procedures comply to taxation regulations e.g. VAT, Income tax	Ensures procedures comply to taxation regulations e.g. VAT, Income tax		
-----------------	--	--	--	--	--	--	--	--	--