

New Charter Academy

FINANCE MANUAL

(Policy & Procedures)

September 2008

Signed:

Date:

Next Review due: July 2009

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1 INTRODUCTION

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

2 ORGANISATION

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

2.1 The Academy Trust

The Academy Trust has overall responsibility for the administration of Academy finances. The main responsibilities of the Academy Trust are prescribed in the Funding Agreement between the Academy and the DCSF and in the Academy's scheme of government. The main responsibilities include:

- ensuring that grant from the DCSF is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Executive Director and
- appointment of the Director of Finance and Corporate Services, in conjunction with the Executive Director.

The Academy Trust recognises that it would be impractical to undertake all the day to day activities itself in discharging its responsibilities and it is necessary to delegate some of its functions through committees and the Executive Director (this is detailed in the Scheme of Delegated Authority).

The delegated powers and duties referred to in this Manual apply to all committees and the Executive Director, unless otherwise indicated.

The Executive Director may also delegate, provided the terms of further delegation are clearly made and documented.

Compliance with this Manual is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the RO and the Chair of Governors.

2.2 The Finance and General Purposes Committee

The Finance and General Purposes Committee is a committee of the Academy Trust. The Finance and General Purposes Committee meets at least once a term but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance and General Purposes Committee are detailed in written terms of reference which have been authorised by the Academy Trust.

The Finance Manager may be requested to attend meetings.

It is the Finance and General Purposes Committee's responsibility to review the Finance Manual annually, and to incorporate the latest views and requirements of the School's external auditors, as detailed in their most recent "management letter". The procedures should always comply with the necessary mandatory requirements of the DCSF.

The Chair is to be elected at the first meeting of each new academic year. It will keep minutes of each meeting and circulate copies to all members of the Academy Trust at or before the next Academy Trust meeting.

Terms of Reference

- a) To propose the annual budget for expenditure in the forthcoming financial year and put it to the full Academy Trust for approval.
- b) To keep under review the Academy's actual financial performance compared with the budgeted performance and to take remedial action as necessary. Such action must be reported to the Academy Trust. In all cases, liaison must be maintained with the appropriate committees, the Executive Director and Responsible Officer.
- c) To review the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Academy Trust.
- d) To ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DCSF guidance issued to academies;
- e) To make decisions on expenditure within the delegated powers given to it, including authorising the award of contracts over £10,000.
- f) To advise the Academy Trust on the appropriateness or otherwise of spending requests outside the delegated powers given to it.
- g) To approve the charges for the letting of the School premises including the grounds.
- h) To make decisions regarding virements within agreed budgets, within the delegated powers given to it.
- i) To consider and approve the appropriateness of virement requests outside the delegated powers given to it.
- j) To be the referral committee for all matters of a non-urgent nature if they are not previously within the remit of another committee.
- k) To consider all aspects of insurance annually.
- l) To monitor the ways in which non-grant funds (school private funds) are administered and spent.

- m) To monitor and keep under review the needs and requirements of the Academy before any competitive quotations are accepted for catering, cleaning, ground maintenance, building maintenance and improvements on the advice/information of the relevant committee.
- n) The committee has the power to delegate tasks to a member of staff or to the Executive Director.

2.3 The Executive Director

Within the framework of the Academy development plan as approved by the Academy Trust the Executive Director has overall executive responsibility for the Academy's activities including financial activities. Much of the financial responsibility has been delegated to the Director of Finance and Corporate Services but the Executive Director still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Academy Trust have agreed should be approved by them;
- authorising contracts up to £10,000 in conjunction with the Director of Finance and Corporate Services;
- signing cheques in conjunction with the Director of Finance and Corporate Services or other authorised signatories.

2.4 The Director of Finance and Corporate Services

The Director of Finance and Corporate Services works in close collaboration with the Executive Director through whom he or she is responsible to the governors. The Director of Finance and Corporate Services also has direct access to the governors via the Finance and General Purposes Committee. The main responsibilities of the Director of Finance and Corporate Services are:

- the day to day management of financial issues of all schools in the Academy including the establishment and operation of a suitable accounting system;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Academy Trust;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly management accounts and to provide financial advice to the regular meetings of the Finance and General Purposes Committee and Academy Trust;
- to control the administration of the payroll;
- authorising orders in conjunction with budget holders;
- the administration of all School bank accounts;
- ensuring cheques are signed by the authorised signatories
- ensuring forms and returns are sent to the DCSF in line with the timetable in the DCSF guidance.

2.5 The Responsible Officer

The Responsible Officer is appointed by the Academy Trust and provides governors with an independent oversight of the Academy's financial affairs (for example letter of direction please see Annexe A attached). The main duties of the Responsible Officer are to provide the Academy Trust with independent assurance that:

- the financial responsibilities of the Academy Trust 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 Responsible Officer will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Academy Trust. A report of the findings from each visit will be presented to the Finance and General Purposes Committee. Detailed guidance on the transactions to be checked by the Responsible Officer is given in Annexe A.

2.6 Other Finance Staff

The following tasks will be delegated to other personnel:

The Finance Manager responsible to the Director of Finance and Corporate Services for (among other duties):

Operation of the overall financial functions of the computer network.

Book-keeping of manual accounting documents (including School funds) as directed by the Director of Finance and Corporate Services.

Signing School orders for goods and services and afterwards posting to the supplier.

Control of financial stationery such as official orders, cheques and paying in books.

Checking of invoices against the original order and arranging payment once delivery of goods or services has been authenticated.

Acting as cashier for all school monies (both public and non-public) including administration of the petty cash system.

Bank deposits - ensuring appropriate supporting details of any deposits are retained.

To ensure all the required DCSF financial returns are completed and sent off within the required timescales.

To provide monthly reports to the Finance and General Purposes Committee of actual and committed Income and Expenditure against budgets.

To attend meetings of the Finance and General Purposes Committee as required.

To liaise closely with payroll staff to ensure all salaries and claims are being entered correctly and that all BACS payments are correct and sent on time.

Other general financial and administrative tasks as directed by the Director of Finance and Corporate Services.

In cases of emergency, when the Director of Finance and Corporate Services is absent, financial responsibilities may be transferred to a Finance Officer. The Executive Director is to confirm the agreement to accept the transfer of responsibility in writing on each occasion. All secondary staff are to familiarise themselves with relevant procedures.

In the event of any of the above persons being absent together, financial responsibility is transferred to the Executive Director.

All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

2.7 External Auditors

The Academy Trust is responsible for ensuring that the annual accounts are audited by independent, registered auditors, appointed under arrangements approved by the Secretary of State. The School Fund Account should also be audited independently on an annual basis.

The appointment of external auditors should be for one year renewable at the discretion of the Academy Trust. A formal reassessment of external auditors should take place every 5 years, usually by competitive tender. The Academy Trust may wish to delegate responsibility for this work to the Finance and General Purposes Committee.

At the beginning of an audit, the Executive Director, Chair of Governors, Chair of Finance and General Purposes Committee, Responsible Officer and Director of Finance and Corporate Services, or as many as can reasonably attend, may meet with the Auditors to suggest additional areas of audit where processes and procedures are giving cause for concern. The above may also wish to be present at the closure meeting after the Audit.

Annexe A

Letter of Direction to the Responsible Officer

Address:

Date of Appointment: September 2008

Dear Mr or Mrs XXX

I write to appoint you as Responsible Officer of New Charter Academy.

The Academy Trust certifies that the details given are correct and that the Responsible Officer responsibilities have been defined and advised to you.

RESPONSIBLE OFFICER

The Academy Trust shall require the Responsible Officer to:

- a) Advise the Academy Trust on the discharge of its responsibilities under the DCSF's financial memoranda.
- b) To provide assurance to the Academy Trust that the Academy's financial accounting systems are adequately and effectively operated. To make spot checks on salary records, the asset register and other accounting systems and record these as approved by way of a signature.
- c) Ensure the efficient, economical and effective management of the Academy Trust's resources and expenditure, including funds, capital assets, equipment and staff.
- d) To ensure that the introduction and maintenance of sound internal financial controls are taking place.
- e) Seek to ensure that financial considerations are taken fully into account in reaching decisions and in their execution.
- f) Ensure that all Academy policies are kept current.

The controls specifically mentioned in the DCSF Academies Financial Handbook for which you are responsible, in consultation with the Finance and General Purposes Committee, are to:-

review monthly budgets and reports as prepared by the Finance Manager

exercise proper control over the finances taking account of 3-5 year budgets: and

implement control procedures for bank accounts and cash holdings to satisfy DCSF requirements.

In satisfying the above responsibilities, you should review the work of the finance administration and the financial systems in use on a regular basis with the Director of Finance and Corporate Services.

This should include spot checks on:

all bank reconciliations on all school accounts

salary records - check gross pay to authorised documents/contracts, agree that overtime payments to supporting documentation are appropriately authorised

asset register - checking and documenting items from the register to the physical asset and from the asset to the register.

Further duties include:

enquire into discrepancies in budget to actual figures and documentation of such discussions.

seeking internal (independent) and external advice where necessary in areas where you do not have the relevant background.

keeping up to date with DCSF requirements and any changes in statutory reporting.

ensuring that appropriate accounting policies are followed in the preparation of accounts.

reporting immediately to the Academy Trust on any areas of concern.

As an authorised signatory on all returns please ensure that you are:

conversant with the content of each report and able to comment on them, even if you have not personally signed the returns.

sign, with the Chair of the Finance and General Purposes Committee, the annual tax return to the Inland Revenue, and review budget reports and action on variances.

It should be noted that although as the Responsible Officer you are responsible for providing assurance on these financial issues, you are not directly responsible for the financial management of the Academy. To assist you in discharging your responsibilities you may use sample testing or management reviews carried out by others e.g. additional services provided by external or any other auditors.

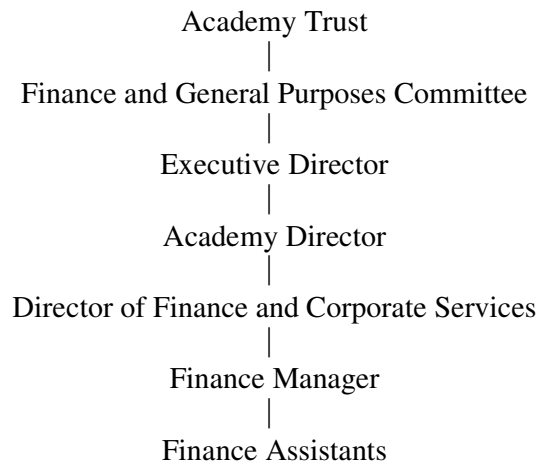
You should be appropriately qualified and/or experienced to carry out the role. You should not be a member of the school staff, nor the Chairman of the Academy Trust. You should therefore be either another governor or an individual not on the school staff.

Yours sincerely

Chair of Academy Trust

3 FINANCIAL ADMINISTRATION

3.1 Key personnel involved in day to day financial transactions – organisational structure (Finance)



3.2 Financial Responsibilities

- a) The Responsible Officer has recommended that the Academy Trust adopt this set of financial controls in order to satisfy DCSF requirements and safeguard and control the assets, income and expenditure in the School. This document sets out the delegation of those responsibilities and incorporates, where applicable, the detailed procedures to be employed in ensuring a sound system of financial control is in place.
- b) The Academy Trust, however, remains ultimately responsible for the financial integrity of the Academy, including any updates or changes to these procedures.
- c) The procedures contained in this manual are mandatory and effective immediately. Any variations to these procedures are to be notified to the Chair of Governors as soon as they become apparent. If the Academy foresees a cash deficit, the DCSF are to be notified immediately by the Academy Trust of the scale and circumstances and of the remedial action being taken by the School.

3.3 Register of Business Interests

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

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

The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the Academy Trust or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting. No Governor or member of staff involved in awarding a contract will accept gifts or hospitality from current or potential suppliers.

The Academy does not normally obtain goods and services for the private use of Governors or staff. Guidance must be sought from the Executive Director as this could have implications regarding VAT.

The Finance and General Purposes Committee will examine the Register of Business Interests before opening any tenders.

In addition, all staff and Governors cannot certify orders or invoices to companies for which they have declared an interest.

4 FINANCIAL PLANNING AND MONITORING

4.1 Strategic Financial Planning / Academy Development Plan

A strategic Academy Development Plan is formulated and agreed for the next three years. The development plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching each academy's objectives and targets to the resources expected to be available. It will include information on projected expenditure on buildings (looking at both capital and repairs and renewals), and staff development and training. The Governors must bear in mind long term staffing costs, particularly if restructuring is being considered.

The form and content of the development plan are matters for the Academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DCSF.

Each year the Executive Director will propose a planning cycle and timetable to the Academy Trust which allows for:

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

The timetable will specify the deadlines for the completion of each of the stages described above. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a senior manager. They should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Academy Trust if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

The development plan in turn provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year. The Plan should be drafted on a rolling basis and reviewed and updated annually.

The development planning process and the budgetary process are described in more detail.

4.2 Annual Budget

School expenditure must be appropriate, controlled and prioritised against all available resources. The budgetary process consists of four phases:

planning	- linked with the School Development Plan
budget setting	- annually
monitoring	- on a monthly basis
review	- at the end of the financial year

The Director of Finance and Corporate Services is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Executive Director, Finance and General Purposes Committee and the Academy Trust.

Once the annual budget has been approved, and set, this should not be changed without approval of the Academy Trust. The Finance and General Purposes Committee should approve virements over £25,000. The budget holders are able to authorise expenditure for goods and services up to the European Journal advertising limit, currently £138,893 (details on procedures for these purchases are in Section 4: Purchasing). Over this, authorisation must be sought from the full Academy Trust (for leasing arrangements see Section 14).

The approved budget must be submitted to the DCSF by 30 June each year and the Director of Finance and Corporate Services is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning and setting process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DCSF grant receivable;
- review of other income sources available to the academy;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings;
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Budget Management - in order to distribute the budget effectively and efficiently, the budget has been separated into several categories. A budget holder has been appointed to each category.

4.3 Balancing the Proposed Budget

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

4.4 Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance and Corporate Services for approval by the Executive Director, the Finance and General Purposes Committee and the Academy Trust. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. This consists of highlighting individual budget lines which could be adjusted if necessary.

The Executive Team will discuss the draft budget before passing it to the Finance and General Purposes Committee for review, discussion and amendment if appropriate. It will then be passed to the Full Academy Trust for formal review and approval.

4.5 Monitoring and Review

The Academy Trust has delegated responsibility for financial monitoring to the Finance and General Purposes Committee.

Monthly reports will be prepared by the Director of Finance and Corporate Services. The reports will detail actual and committed income and expenditure against budget at a summary level for the Executive Director and the Finance and General Purposes Committee.

Each budget holder is also to receive monthly income and expenditure accounts, which must be reviewed. All Finance and General Purposes Committee members will receive copies of both monthly and quarterly income and expenditure returns and balance sheets.

The accounting system is set so that payments cannot to be made against an overspent budget without the approval of the Director of Finance and Corporate Services. Any potential overspend against budget must in the first instance be discussed with the Director of Finance and Corporate Services and Executive Director who may authorise any viring of funds from the contingency budget.

By the end of the third week of each month (excepting August) if checking on budgets shows that upwards of 80% of a budget has been spent, the person responsible for that budget is informed that they will have to take particular care not to overspend, and to ensure that any costs not yet incurred are taken into account.

The monitoring process highlights variances in the budget so that differences can be investigated and action taken where appropriate. Where action needs to be taken on variances, the Executive Director must authorise the action, and written records must be kept for audit purposes. These will be presented at the next Finance and General Purposes Committee meeting.

4.6 Cashflow Forecasts

The Director of Finance and Corporate Services is responsible for preparing cashflow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile cashflow to cover potential cash shortages.

4.7 Investments

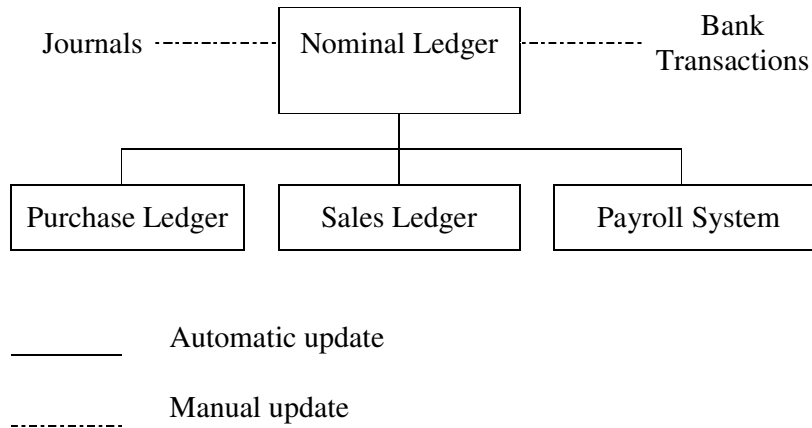
Investments must be made only in accordance with written procedures approved by the Academy Trust.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

4.8 Accounting System

All the financial transactions of each academy must be recorded on the accounting system in order to ensure the integrity and completeness of the DCSF returns.

The system is operated by the Finance Departments and consists of:



All financial records are retained for a minimum of six years plus the current financial year (being the period required by the various tax authorities). Access to the finance office is restricted to personnel directly involved in finance. Records are stored overnight in secure cabinets.

The Responsible Officer has unlimited access to all areas of finance. The System Manager is to ensure protection against unauthorised modifications, destruction, disclosure, or loss whether by accident or intention.

4.9 System Access

Entry to the accounting system is password restricted and the Director of Finance and Corporate Services is the System Manager – this position may not be delegated. The Director of Finance and Corporate Services is also responsible for implementing a system which ensures that passwords are changed at least every 3 months.

When passwords are changed the new password should be placed in a sealed envelope and passed to the Director of Finance and Corporate Services to keep in the safe.

Access to the component parts of the accounting system can also be restricted and the Director of Finance and Corporate Services is responsible for setting access levels for all members of staff using the system.

4.10 Back-up Procedures

The Director of Finance and Corporate Services is responsible for ensuring that there are effective back up procedures for the system. Financial and Payroll data should be copied on to a removable medium and the copies stored in a secure place preferably in a safe. Back up copies are taken on a daily basis.

The back-ups should not be recorded on the same tape each time as this results in only one copy being available. In order to provide more protection from the loss of data at least five different tapes should be used in rotation and stored in different locations. Each night the Network Manager is to take the most recent daily back-up tape to an appropriate data storage facility. Monthly back-ups, coincidental with month-end reports, should be archived for at least one year. This then allows for the data to be restored from the previous day, week or month for up to 1 year.

A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system in a safe.

The Director of Finance and Corporate Services should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks. We would be able to take the hard copy out of the safe and use this to re-key all income and outgoings for the previous month.

4.11 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be countersigned by the Director of Finance and Corporate Services.

Detailed information on the operation of the accounting system can be found in the user manuals held in the Finance Office.

4.12 Transaction Reports

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

- the weekly audit trail reports;
- computerised amendment reports for the payroll, purchase ledger and sales ledger which are to be kept in a separate file;
- management accounts summarising expenditure and income against budget at budget holder level.

4.13 Reconciliations

The Finance Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

sales ledger control account;
purchase ledger control account;
payroll control account;
all suspense accounts and
bank balance per the nominal ledger to the bank statement.

The bank statements should be signed by the Director of Finance and Corporate Services following random checks of the bank reconciliations at least once a month. Periodic checks of receipts on the bank statement to debtor invoices should also be undertaken. The cashbooks along with reconciliations are to be made freely available for examination by the Finance and General Purposes Committee or a nominated officer.

Any unusual or long outstanding reconciling items must be brought to the attention of the Director of Finance and Corporate Services. The Director of Finance and Corporate Services will review and sign all reconciliations as evidence of his review.

5 Reserves policy

- 5.1 The policy of the Academy is to carry forward the maximum amount in case of any unexpected expenditure to meet its aims and objectives as long as this does not affect its current activities.

6 FRAUD INVESTIGATION POLICY AND PRODEDURES

6.1 Introduction

The Academy aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts Academy business. This document sets out the Academy's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the Academy's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

In order to achieve these objectives, the Academy has taken the following steps:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability;
2. The establishment of adequate and effective systems of internal financial and management control, and an independent Responsible Officer function with an ongoing responsibility to review and report on these systems;
3. The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Academy and a fraud response plan which sets out the Academy's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

These three steps are described in greater detail in the following sections.

6.2 Personal Conduct

The Academy aims to promote a culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the Academy's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

1. These regulations are binding on all officers, members of staff, students and constituent parts of the Academy. Refusal to observe them will be grounds for disciplinary action.
2. In disbursing and accounting for all funds, the Academy must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that officers and employees of the Academy must at all time conduct financial affairs in an ethical manner.
3. All members of staff and lay members of Academy committees are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Academy or its related companies, minority interest companies and trading areas.
4. Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Director of Finance and Corporate Services.
5. Officers or employees of the Academy shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Academy's interests.

6. Heads of Department/Budget Holders are expected to adhere to the financial regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other Academy property.

Taken together, these represent a statement of the framework within which officers and employees are expected to conduct themselves. These requirements will also be stated within the Staff Handbook which will be issued to all members of staff and which will also include a statement of the disciplinary consequences if they are not complied with.

6.3 Systems of Internal Control

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and Academy controls such as separation of duties, internal check and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including CRB checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the Academy are documented in the Financial Regulations. The Financial Regulations are issued and updated periodically by the Director of Finance and Corporate Services following approval by the Finance and General Purposes Committee on behalf of the Academy Trust. They are binding on all officers, members of staff, students and constituent parts of the Academy and are distributed to the Executive Team, Senior Leadership Team, Finance Manager and other finance staff. The Director of Finance and Corporate Services has, in addition, issued a manual of Financial Procedures which sets out in greater detail the expected controls which should operate within the key operational systems.

The Academy has also established a Finance and General Purposes Committee and an independent Responsible Officer function which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

6.4 Fraud Response

The Fraud Response Plan sets out the Academy's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed up, are considered in a consistent and fair manner and that prompt and effective action is taken to:

7. minimise the risk of any subsequent losses;
8. reduce any adverse operational effects;
9. improve the likelihood and scale of recoveries;
10. demonstrate that the Academy retains control of its affairs in a crisis; and
11. make a clear statement to employees and others that it is not a soft target for attempted fraud.

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:

12. inadequate communication so that action is late or inappropriate;
13. lack of leadership and control so that investigators are not properly directed and waste time and effort;
14. failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost;
15. adverse publicity which could affect confidence in the Academy; and
16. creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

The main elements of the Academy's plan are as follows.

1. All officers, members of staff, students and constituent parts of the Academy are required to notify immediately the Director of Finance and Corporate Services of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Academy.
2. The Director of Finance and Corporate Services will ascertain whether or not the suspicions aroused have substance. He will if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the Executive Principal.
3. The Executive Director will have the initial responsibility for coordinating the Academy's response. In doing this he will liaise with the Academy Human Resources Manager regarding potential employment issues. The Executive Director will also seek expert legal advice from the Academy's Solicitors on both employment and litigation issues before taking any further action.
4. The Executive Director is required to notify the Board of Governors of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Responsible Officer and Chairman of Governors fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
5. If evidence of a fraud is forthcoming then the Board of Governors will inform the DCSF as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

6.5 Fraud Investigation

Any allegations of fraud will automatically result in the suspension of employment on full pay, pending allegations. Any such suspension is a neutral act designed to allow investigation to take place without risk that the accused party may compromise the investigation.

Investigations will take place under the Academy's disciplinary procedure. In the event of the allegations being upheld, this will normally result in summary dismissal.

All documents in respect of suspected fraud will be made available to the Academy and will remain the property of the employer.

7 PURCHASING

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

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
- **Accountability**, the Academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Routine Purchasing

7.2 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for.

7.3 Routine purchases up to £3,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Director of Finance and Corporate Services.

7.4 For contracts with a value between £3,000 and £139,893, three written quotes should always be obtained wherever possible to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

7.5 All orders must be made, or confirmed, in writing using a purchase requisition form, stocks of which are held in the Finance Office. Orders must bear the signature of the budget holder before being passed to administration staff for entering on to the accounting system. The computer will generate an official purchase order with a unique order number.

7.6 Printed orders are then passed to the Finance Manager who will check to ensure adequate budgetary provision exists before countersigning the order and returning for distribution as follows:

- original order to supplier

- first copy kept in Delivery Bay with original written requisition form
 - second copy to originator for their records
- 7.7 The Estates Manager must make appropriate arrangements for the delivery of goods to the academy. On receipt, a detailed check of the goods received must be kept against the goods received note (GRN), and a record must be kept of any discrepancies. Discrepancies should be discussed with the supplier of the goods without delay.
- 7.8 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. A central record should be kept of all goods returned to suppliers.
- 7.9 The delivery note, if available, and first copy of the order are then passed to the Finance Officer for processing. Invoices are to be authenticated by the originator if the delivery note is not attached or if the order has not been signed to confirm receipt of goods or services.
- 7.10 All invoices should be sent to the Finance Office for recording on the accounting system by the Finance Assistant. The Finance Assistant will check the following on each invoice:
- invoice arithmetically correct;
 - invoice posted to purchase ledger;
 - goods/ services received;
 - goods/services as ordered;
 - prices correct;
 - invoice authorised for payment;
 - payment authorised;
 - VAT treated correctly and
 - payment made.
- 7.11 If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.

Summary of Purchase Order Processing;

- Stamp all invoices and delivery notes with receipt date.
- Match invoices and delivery notes with first copy of the order.
- Confirm receipt by entering details on the computer.
- Goods and receipt slip to be signed by originator.
- Receipt slip to be filed with first copy of order which is then passed to the Finance Office.
- Finance Officer checks invoices and prices with first copy of order. Payment to be made in accordance with suppliers' terms and conditions (where reasonable). It is school policy to pay invoices within 30 days, although if better or alternative terms can be negotiated, then this option is available. The original invoice should be stamped "entered" when it has been keyed on to the computer.
- Wherever possible, budget holders must not sign for personal expenditure from their own budget area.

Payments

- 7.12 A combined cheque and remittance advice is printed for each supplier in turn. The documents then pass to two authorised signatories to sign the cheque. Signatories will make random checks of the paperwork submitted and will query all cheques exceeding £5,000 before returning to the Finance Officer. A photocopy of the cheque and remittance advice is then attached to the front of the paperwork relating to the invoices that are being paid. If a remittance advice is not produced for any reason, a photocopy of the cheque once signed must be attached instead. Cancelled cheques are to be recorded in a separate file in numerical order.
- 7.12 All the documents are filed once the cheque and remittance advice has been posted to the supplier. The School may only pay for goods which have been received (damaged goods or goods delivered in error will not be paid for until a credit note has been received for the amount in question).
- 7.13 Cheques that remain unrepresented after six months should not be honoured by the bank. These should be "written back" i.e. the original entry contra'd off. A further cheque should be raised as appropriate.
- 7.14 Supplier statements received in the last month of the financial year (August) and those in subsequent months which relate to the previous year are to be retained for work associated with producing the year end accounts and also for the external auditors.
- 7.15 Staff are not permitted to place orders by telephone, unless prior authorisation is obtained from the Director of Finance and Corporate Services. A formal confirmation requisition form must always be raised immediately afterwards and entered through the accounting system in the normal way.
- 7.16 Internet orders are permitted providing a screen print of the order/receipt is obtained, attached to the confirmation requisition form, and then both are handed to the school's Finance Manager as soon as is practicably possible after ordering.
- 7.17 Regular payments such as monthly fees may be placed on a single order, sequential payment being added monthly. The maximum timescale for such orders is a twelve month period.
- 7.18 Payments can be made by regular standing orders or direct debits, providing these give good value for money. This can benefit the school as some suppliers give discounts for payment by these methods. The original authority for each payment must be signed by two of the signatories named on the bank account mandate.
- 7.19 Staff and Governors cannot authorise orders or invoices for any company for which they have a declared interest.

8 Procurement Policy

8.1 **Policies and procedures for procurement should be documented and adhered to**, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:

- **roles and responsibilities** of those involved in procurement (e.g. Academy Trust, Headmaster, Director of Finance and Corporate Services, other senior managers and the central finance office);
- **delegated authority levels**, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Academy Trust;
- **arrangements to ensure segregation of duties**;
- **how purchases are recorded** (papers records and computer records (e.g. accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

8.2 Where appropriate, **individuals with relevant experience including the end-users (e.g. ICT managers, teachers) should be involved** when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the academy, but may also help achieve buy-in by the end-users.

8.3 An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the academy's start up period. This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that any non-essential purchases are challenged.

8.4 **Procurement decisions should be clearly recorded** to ensure that the decision has been reached fairly and to provide a clear audit trail:

- minutes should be taken of all relevant meetings;
- the options available should be recorded;
- the basis for scoring/ranking should be set out;
- the individuals responsible for scoring/ranking should be identified;
- the outcome of the scoring and the final decision should be recorded;
- the reasons on which the decision was reached should be clearly documented.

8.5 **All key documents should be retained together by the Academy.** This includes:

- invitations to tender;
- tenders received from bidders;
- quotes obtained for smaller purchases;
- papers/minutes documenting the procurement decision;
- signed copies of the contracts awarded;
- invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the academy prior to cessation of the contract with the project management company.

- 8.6 **Fitness for purpose should be a key consideration in any procurement decision** (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability).
- 8.7 Opportunities should be taken for **bulk purchase discounts**, for example by combining similar orders.
- 8.8 When ordering goods an assessment of likely **delivery timeframes** should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

9 TENDERING

- 9.1 For contracts with a value between £3,000 and £139,893, three written quotes should always be obtained wherever possible to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.
- 9.2 All goods/services ordered with a value over £139,893, or for a series of contracts which in total exceed £139,893, must be subject to formal tendering procedures. Purchases over £139,893 fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.

Forms of Tenders

- 9.3 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.
- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Director of Finance and Corporate Services how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
 - **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
 - **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

9.4 Full consideration should be given to:

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

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

Invitation to Tender

9.5 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

The school would normally use a restricted tender process. Firms are invited to tender for the service either by the academy or their appointed agents. At least six firms should be invited to tender by sending identical specifications at the same time - three written tenders should be obtained unless this is impractical. If firms are not interested in providing a tender, verbal declines should be minuted, or written decline letters kept on file. If it is impractical to obtain three written tenders, then this should be minuted as such by the Academy Executive Team.

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

The invitation should also state the closing date and time by which the completed tender document should be received by the academy. Tenders should be submitted in plain sealed envelopes clearly marked 'TENDER'. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

9.6 All tenders submitted should be opened at the same time and the tender details should be recorded. At least two persons should be present for the opening of tenders as follows:

- For contracts up to £75,000 - two of the budget holder, the Director of Finance and

Corporate Services or another member of the Executive Team;

- For contracts over £75,000 – either the Director of Finance and Corporate Services or the Executive Director, plus another member of the Finance and General Purposes Committee.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by those present at the tender opening.

Tender Acceptance Procedures

9.7 At a specified time, all tenders and supporting documents are considered by the Executive Team. They have delegated authority from the Academy Trust to accept quotes between £20,000 and £75,000.

Above £75,000 the full Academy Trust must confirm the award of the contract as recommended by the Tender Committee.

Aspects to Consider

Financial

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

Technical/Suitability

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

Other Considerations

- Pre sales demonstrations

- After sales service
 - Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.
- 9.8 Any Governor or member of staff who has an interest, or an implied interest, in a business tendering for a contract, will disqualify himself or herself from the committee awarding the contract.
- 9.9 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 9.10 Where required by the conditions attached to a specific grant from the DCSF, the department's approval must be obtained before the acceptance of a tender.
- 9.11 The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.
- 9.12 All proceedings of the relevant committee are to be minuted. Where the lowest tender is not accepted, the decision must be minuted.
- 9.13 Professional architects, solicitors and surveyors etc. will be appointed by the Finance and General Purposes Committee, if required for major projects.
- 9.14 The Finance and General Purposes Committee will deal with any major building projects as required. They will also act as the Tender Committee.
- 9.15 If a situation arises whereby it is not possible to obtain three written quotations, approval to waive these procedures can be made by the Finance and General Purposes Committee. The reasons for this action and the agreement should be minuted for each case.

An example of the above situation is regarding computers or ICT equipment. The market is so volatile that prices can change daily, so consequently written quotes can not always be obtained. However, as much evidence as possible is to be retained, e.g. prices should be printed off internet screens, or three alternative price lists should be kept on file. If this is not possible, then the Network Manager is to make a written record as to why a particular supplier has been chosen for large orders > £10,000.

- 9.16 Under the new Construction Industry Tax Scheme regulations SI2005/2045, with effect from 6 April 2007, 'schools financed directly from central government.....continue to be exempt from the new scheme'. Any payments the Academy makes for construction operations are therefore exempt.

10 Management of Risk

- A Overview
- B The Approach
- C Categories of Risk
- D Assess Risk Appetite
- E Risk Responses
- F Pro-forma Risk Register
- G Glossary of Risk Terms

A. Overview

- a1. This section of the Handbook is based on the HM Treasury publication “Management of Risk – Principles and Concepts” (“The Orange Book”), which provides guidance on developing a strategic framework for the organisational consideration of risk.

B. The Approach

Stage 1 - Preparation

The Risk Management Group, consists of the Executive Team plus at least two others from the Senior Leadership Team.

- b1. Prior to their **first** meeting, the objectives of the body will be circulated to all attendees with a request for them to consider, and then submit, what they perceive to be the risks to achieving each of those objectives. In order to share ownership of the process throughout the organisation, attendees may wish to consult other members of staff at this stage. It will be useful to send participants the list of potential categories of risk, as in section C.
- b2. From the submissions received, and using his/her judgement, the Chairman then arrives at an overall list (grouping as appropriate) of the main risks facing the organisation.

Stage 2 – The Meeting

- b3. The objectives of the risk meeting are as follows:
 - discuss and agree that all involved are satisfied with the Chairman’s list of risks;
 - determine the appropriate response to each risk;
 - assess existing controls and determine appropriate action;
 - allocate responsibility for action; and
 - agree future reporting and review procedures.
- b4. Taking each of the risks in turn, discuss and rate them in terms of likelihood and impact, e.g. 5 (high) to 1 (low).

- b5. With this exercise complete, the board needs to decide what their risk appetite is (see section D). This will determine what response the board wishes to make to each risk. For details of the different possible responses to risk see section E.
- b6. With the list of key risks and responses agreed, it is then time to identify any controls that exist to mitigate the risks. The controls identified need to be assessed to determine whether they are an appropriate mitigation of the risks identified. The value for money of the chosen responses needs to be considered, i.e. it is as important to avoid over-control of minor risks as under-control of serious risks.
- b7. It is likely that the assessment of controls will produce a list of actions required to produce an acceptable internal control system. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

Stage 3 – The Risk Register

- b8. Following the meeting, a risk register pro-forma can be completed (see section F). At this point, it may be sensible to circulate it to other relevant members of the organisation who did not attend the meeting. They should be able to provide further confirmation that the understanding of the risks and controls within the organisation is accurate.
- b9. A final version of the register is then circulated to all members of the organisation so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

Stage 4 – Ongoing Review and Reporting Mechanisms

- b10. Academies are required to provide a report on risk management in the Trustees' Report in their annual accounts. The Risk Management Group meets on a termly basis.

C. Categories of Risk

C1. The table below is a summary of the possible categories of risk.

Category of Risk	Illustration / Issues to Consider
External Risk – arising from the external environment, not wholly within the organisation’s control, but where action can be taken to mitigate the risk	
1. Political	Possible political constraints such as change of government or introduction of the Euro
2. Economic	Economic factors such as interest rates, exchange rates, inflation
3. Socio Cultural	Demographic change affecting demand for services; change of stakeholder expectations
4. Technological	Obsolescence of current systems; procurement and best use of technology to achieve objectives
5. Legal / Regulatory	Laws and regulations which impose requirements (e.g. health & safety and employment legislation)
6. Environmental	The need for buildings to comply with changing standards (e.g. energy efficiency); the need for disposal of rubbish and surplus equipment to comply with changing standards
Operational Risk – relating to delivery of current activities, and building capacity and capability	
7. Operations	Overall capacity and capability to achieve objectives; procedures employed
8. Service/Project Delivery	Failure to deliver the agreed service
9. Resources - Financial	Availability and allocation of funding
“ - Physical	Security against loss, damage and theft of physical assets, and fraud including identification of areas which can be insured
“ - Human	Availability, retention, skills and capacity of staff
“ - Information	Adequacy of information for decision making; security of information against loss, damage, theft and fraud
10. Relationships	Threats to relationships with delivery partners; customer satisfaction; accountability (particularly to Parliament)
11. Reputation	Confidence and trust which stakeholders have in the organisation
12. Governance	Propriety and regularity; compliance with relevant requirements; ethical considerations
13. Scanning	Failure to identify threats and opportunities
14. Resilience	Capacity of accommodation, systems and ICT to withstand adverse impacts and crises; contingency planning and disaster recovery (e.g. fire, flood, failure of power supply, failure of transport systems)

<u>Change Risk</u> – created by decisions to pursue new endeavours beyond current capability	
15. Public Sector Targets	New targets challenge the organisation's capacity to deliver
16. Change Programmes	Programmes for organisational or cultural change threaten current capacity to deliver as well as providing opportunity to enhance capacity
17. New Projects	Making optimal decisions/prioritising between new activities that are competing for resources
18. New Policies	Policy decisions creating expectations where the organisation has uncertainty about delivery

D. Assessing Risk Appetite

Defining “Risk Appetite”

- D1. **Risk appetite is the amount of risk to which the organisation is prepared to be exposed before it judges action to be necessary.** Even risk as opportunity is surrounded by threats which potentially limit ability to exploit the opportunity, and for which an appetite in relation to the opportunity benefit has to be assessed.
- D2. **Risk appetite is also about comparing the cost (financial or otherwise) of constraining the risk with the cost of exposure should the risk become a reality, and finding an acceptable balance.** The fact that the resources available to control risks are likely to be limited means that value for money decisions have to be made – what resource cost is it appropriate to incur to achieve a certain level of control in respect of the risk? Apart from the most extreme circumstances it is unusual for good value for money to be obtained from any particular risk being completely obviated with total certainty.
- D3. **Some risk is unavoidable, and not within the ability of the organisation to completely manage it down to a tolerable level.** In these cases the organisation needs to make contingency plans.
- D4. Risk appetite may be very specific in relation to a particular risk, or it may be more generic in the sense that the total risks which an organisation is prepared to accept at any one time will have a limit.

Features of Identifying the Risk Appetite

- D5. In consequence every organisation has to identify its risk appetite. Decisions about response to risk have to be taken in conjunction with an identification of the amount of risk that can be tolerated. Any particular organisation is unlikely to have a single risk appetite.
- D6. The tolerable extent of risk will vary according to the perceived importance of particular risks. For example, tolerable financial loss may vary in accordance with a range of features including the size of the relevant budget, the source of the loss, or associated other risks such as adverse publicity. Where a particular risk can give rise to a number of effects, an effect of quite large financial loss may be acceptable whilst an associated effect of damage to health and safety may not be tolerable at all. Both the risk framework and the control responses therefore have to be considered in detail to identify the appropriate balance of potential realisation of risk against the costs of limiting that risk.

- D7. The most significant issue is that it is unlikely, except for the most extreme risks, that any particular risk will need to be completely and absolutely obviated. Identification of risk appetite is a subjective (rather than an objective or scientific) issue but nevertheless is an important stage in formulating the overall risk strategy.

Risk Responses

- E1. Responses to risk can be divided into four response categories:

Transfer: For some risks the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks of risks to assets.

Tolerate: The exposure may be tolerable without any further action being taken. Even if it is not tolerable, ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be toleration. This option may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised.

Treat: By far the greater number of risks will belong to this category. The purpose of treatment is not necessarily to obviate the risk, but more likely to take control action to contain the risk to an acceptable level. Such controls can be **corrective, detective, directive or preventive** (see glossary)

Terminate: Some risks will only be treatable, or containable to acceptable levels, by terminating the activity. It should be noted that the option of termination of activities may be severely limited in the public sector when compared to the private sector; a number of activities are conducted in the public sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved.

Take the Opportunity: this option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two aspects to this. The first is whether or not at the same time as mitigating threats, an opportunity arises to exploit a positive impact. The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities – for example a drop in the cost of goods or services might free up resources for redeployment.

F. Risk Register - Strategic and Reputational Risks

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
1 Strategic risk	Charitable objects risk	Charity is not operating within its objects.	1	5	treat	Ofsted inspection, Trustees.	D of F	September 2009
		Charity's objects become out of date / are no longer appropriate.	1	4	treat	Trustee annual reviews	Exec D	September 2009
		Charity receives unfavourable Ofsted report.	1	4	treat	Ofsted report.	Exec D	Next Ofsted report
	Charitable status risk	Risk that charity could lose its charitable status.	1	5	treat	Trustees monitor financial reports carefully.	D of F	September 2009
	Long term demand risk and Competition risk	Insufficient demand for charity's services leaves it unsustainable.	1	5	treat	Continual monitoring of pupil numbers.	D of F	Weekly
	Stakeholder risk	Beneficiaries/other stakeholders don't consider that charity provides a valuable/high quality service.	1	3	treat	Regular consultations.	Exec D	Continually
	Partnership risk	Integrity of partner risk.	1	3	treat	Ensure effective communication between Trustees and School Committees.	D of F	Continually
	Investment powers risk	Risk of Trustees not acting in accordance with their investment powers.	1	4	treat	D of F checks on the Endowment Fund regularly.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	Insurance risk	Risk of financial loss/inability to replace items if charity does not have adequate insurance cover.	1	3	transfer	Ensure we have sufficient cover.	D of F	September 2009
	Macro economic risk	Risk of the impact an uncontrollable event will have on the charity e.g. recession, war, oil crisis.	1	5	tolerate	Monitor the situation and respond as appropriate.	Exec D	Continually
	Natural disaster risk	Risk of the impact an uncontrollable event will have on the charity e.g. fire, flood.	1	5	tolerate	Monitor the situation and respond as appropriate.	Exec D	Continually
	Technology risk	Information security risk.	2	3	treat	Take every precaution to ensure this does not happen.	Network Manager	Continually
		Virus risk/corruption of data risk.	3	3	treat	Take every precaution to ensure this does not happen.	Network Manager	Continually
		IT systems out of date / no longer supported.	3	3	treat	Take every precaution to ensure this does not happen.	Network Manager	Continually

Risk Register - Strategic and Reputational Risks Cont'd

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
2 Public profile risk	Charitable objects risk	Charity not seen by public to be meeting its objects.	1	3	treat	Regular consultations.	Exec D	Continually
		Objects of the charity are controversial or may attract a high level of public interest.	1	2	tolerate	Ensure adequate consultation concerning objects.	Exec D	Continually
	Trustee profile risk	Trustees have a high public profile and may cause the charity to attract publicity.	1	2	tolerate	Ensure that the publicity is favourable.	Exec D	As required
		Trustees are seen by the public to be paid a high amount for expenses.	1	2	tolerate	Ensure that the publicity is favourable.	Exec D	As required
		Trustees are not considered to be at arms length from charity.	1	2	tolerate	Resister of interests.	Exec D	As required
	Expenditure risk	Management and administration costs are perceived by the public to be high.	1	2	tolerate	Ensure costs are appropriate.	Exec D	As required
		Senior management of the charity are seen by the public to be paid high salaries.	1	2	tolerate	Ensure that the Academy delivers excellent value for money.	Exec D	As required

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Reserves level risk - Charity seen to be holding reserves and not spending enough on its charitable objects.	1	1	terminate	Ensure reserves do not accumulate to an unreasonable extent.	Exec D & D of F	September 2009
	Quality of service/ product risk	Charity provides a poor quality service to its beneficiaries/ customers.	1	5	treat	Ofsted report.	Exec D	September 2009
	Fraud risk	Fraud discovered at the Charity attracts bad publicity.	1	5	treat	Use high quality auditors and ensure the RO carries out regular and effective checks.	D of F	September 2009
	Failure to comply with legislation risk	Failure to comply with Health and Safety legislation results in an employee/ volunteer/ beneficiary of the Charity being injured at work, attracting bad publicity.	1	3	treat	Ensure H&S measures comply with requirements.	Estates Manager	September 2009
		Failure to comply with employment law- e.g. unfair dismissal of an employee - attracts adverse publicity.	1	3	treat	Ensure we comply with employment law and take advice as necessary.	Human Resources Manager	As required
	Litigation risk	Charity is involved in litigation.	3	1	treat	Ensure we comply with the law and take legal advice as necessary.	Exec D	As required

Risk Register - Strategic and Reputational Risks Cont'd

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
3 Academy Trust organisation risk	Delegation risk	Committees not established with delegated authority, e.g. finance, personnel etc.	1	4	treat	Policies ensure that this is not the case.	D of F	September 2009
		Committee terms of reference not consistent / adequate etc.	1	4	treat	Policies ensure that this is not the case.	D of F	September 2009
		Committee terms of reference not sufficiently flexible.	1	4	treat	Policies ensure that this is not the case.	D of F	September 2009
		Trustees delegate too little / too much to the Executive Director and/or Director of Finance and Corporate Services.	1	4	treat	Policies ensure that this is not the case.	D of F	September 2009
	Principal/FD absence risk	Trustees do not ensure rigorous monitoring is undertaken in the absence of the Executive Director and/or Director of Finance and Corporate Services.	1	3	treat	Policies allow for this eventuality.	D of F	September 2009

Risk Register - Operational Risks

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
1 Management information risk	Quality risk	Risk that information produced (financial and non-financial) for trustees and senior management is not accurate or not in a format suitable for monitoring the performance of the charity.	1	3	treat	Format of information closely follows the recommendations in the Academies Finance Handbook.	D of F	September 2009
	Timeliness risk	Risk that management information is not available quickly after the period to which it relates.	1	3	treat	Timelines are well known, and will be adhered closely to.	D of F	September 2009
	Review risk	Risk that management information is not subject to review.	1	2	treat	Policies contain guidance on how and when information is to be reviewed.	Staff i/c management information.	September 2009
		Risk that action is not taken after the review of management information.	1	2	treat	Policies contain guidance on uses to which management information is put.	Staff i/c management information.	September 2009
	Quantity risk	Risk that too little management information is produced to facilitate informed decision making.	1	2	treat	Policies contain guidance on what information is to be produced.	Staff i/c management information.	September 2009

Risk Register - Operational Risks Cont'd

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
2 Human resources risk	Trustee risk	Insufficient experience of charity/education sector.	2	3	treat	Trustees are guided by Executive Director and D of F.	D of F	September 2009
		Trustees without required expertise	3	3	treat	Trustees are guided by EH and FD.	D of F	September 2009
		Lack of availability/poor attendance at meetings.	1	3	treat	Trustees are fully committed to the project.	Exec D	September 2009
		Entrepreneurial risk - risk that trustees are too entrepreneurial. Risk that activities of the charity could be outside its objects.	1	3	treat	Trustees are guided by EH and FD.	Exec D	September 2009
		Trustees become too involved with management of the charity and are not independent from management	1	2	treat	Trustees are guided by EH and FD.	Exec D	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Trustees do not act solely in the interests of the charity but for their business/other interests etc.	1	3	treat	Trustees are without vested interests.	Exec D	September 2009
		No member with responsibility for financial oversight is appointed.	1	3	treat	A member will have financial oversight.	Exec D & D of F	September 2009
		Passive Trustees.	1	3	treat	Trustees are fully committed to the project.	Exec D	September 2009
	Management risk	Senior management capability / experience of charity sector risk	2	3	treat	We shall take advice, particularly in the 1 st year of operation, on all issues that we are not familiar with.	D of F	September 2009
		Integrity risk	1	4	treat	We have no integrity issues at present and the same personnel will be in place. The Responsible Officer will highlight any potential issues. Auditors also will highlight any problems.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Key person loss/succession risk	2	2	treat	There are no indispensable members of the team.	D of F	September 2009
		Entrepreneurial risk - risk that management is too entrepreneurial. Risk that activities of the charity could be outside its objects.	1	3	treat	Management is overseen by Trustees/governors, who will ensure that such a risk does not apply.	D of F	September 2009
	Staff risk	Low morale risk	1	3	treat	Staff are happy at present. The Human Resources Manager will ensure that any issues are picked up quickly.	Human Resources Manager	September 2009
		Retention risk	1	2	treat	Conditions of service are, relative to other schools, very favourable.	Exec D	September 2009
		Recruitment risk (risk of recruiting the wrong person)	2	2	treat	The recruiting staff are all highly experienced and few mistakes are made.	Exec D	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Recruitment risk (recruiting someone unsuitable to work with children)	1	5	treat	CRB checks are in place.	Exec D	September 2009
		Appraisal /assessment risk	1	1	treat	Performance Management is very well and successfully organised.	Exec D	September 2009
		Staff matters not referred to HR professionals, may lead to tribunals	1	3	treat	Staff matters are at present referred to HR professionals; this will continue.	Exec D	September 2009
		Training risk	1	3	treat	Staff Development is very well run at present; the same systems will be used.	Human Resources Manager	September 2009
		Technical capability risk	1	3	treat	Technical capability is sufficient at present and the situation will not become more complex.	Academy Director	September 2009

Risk Register - Operational Risks Cont'd

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	Volunteer risk	Excessive reliance on volunteers.	1	2	treat	Few volunteers are used.	Academy Director	September 2009
		Lack of control over volunteers.	1	2	treat	Any volunteers are closely supervised.	Academy Director	September 2009
		Training risk.	1	2	treat	The few volunteers are appropriately trained.	Human Resources Manager	September 2009
		Risk that volunteers are not of appropriate quality/vetted/subject to police checks.	1	2	treat	All volunteers are CRB checked.	Academy Director	September 2009
	H & S risk	Staff fatality/injury.	2	3	treat	Our H&S policy is regularly updated and rigorously applied.	Estates Manager	September 2009
		Fatality/injury to pupil/third party.	2	3	treat	Our H&S policy is regularly updated and rigorously applied and includes pupils and third parties.	Estates Manager	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Other third party risk.	2	3	treat	Our H&S policy is regularly updated and rigorously applied and includes other third parties.	Estates Manager	September 2009
3 Income risk	Donor risk	Charity heavily reliant on one donor.	2	2	treat	As a high profile school we may have a number of donors.	D of F	September 2009
		Donor has a strong influence/power over charities activities.	1	3	treat	Our donors all have an entirely “hands-off” approach.	Exec D & D of F	September 2009
	Marketing risk	Other charities competing for donations or similar sources of income.	1	2	tolerate	We are currently the only academy in the area.	D of F	September 2009
	Grants receivable risk	Grants receivable not used for the purposes for which they were given.	1	4	treat	We follow the rules very carefully and ensure that all grants are spent as required.	D of F	September 2009
		Grant receivable reporting requirements are not adhered to.	1	3	treat	We intend to follow the reporting requirements closely.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
4 Supplier risk	Supplier selection risk	Supplier financial viability.	2	3	treat	We take great care to deal only with secure companies, particularly when large amounts are being spent.	D of F	September 2009
		Supplier inappropriate.	1	3	treat	We take care to use appropriate companies.	D of F	September 2009
		Supplier connected with either trustees or staff.	1	4	treat	The importance of our annual declaration of interests is stressed at governors' meetings.	D of F	September 2009
		Delivery risk.	1	3	treat	We take care to use only reputable companies.	D of F	September 2009
		Quality risk.	1	3	treat	We take care to use reputable companies.	D of F	September 2009
		Key supplier dependency risk	Risk that supplies are not available.	1	3	treat	We take care to use reliable companies.	D of F
		Risk of dependency on few suppliers.	1	3	treat	We use a number of companies for the same type of goods when this is possible and good value is still obtained.	D of F	September 2009
	Value for money risk	Purchase price risk.	1	3	treat	We take care to obtain best value.	D of F	September 2009
		Efficiency risk.	1	3	treat	We take care to use reliable companies.	D of F	September 2009

Risk Register - Compliance Risks

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
1 Employee legislation risk	Employment laws risk	Risk that legislative requirements are not known or complied with.	1	3	treat	We have employed people who are very knowledgeable in the area. In addition, we take advice as necessary.	D of F	September 2009
		Discrimination risk.	1	3	treat	We have employed people who are very knowledgeable in the area and our policies are carefully vetted and complied with.	D of F	September 2009
		Data Protection risk.	1	3	treat	Our policies are clear and complied with.	D of F	September 2009
		Human Rights risk.	1	3	treat	We have employed people who are very knowledgeable in the area and our policies are carefully vetted and complied with.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Equal opportunities risk.	1	3	treat	Our policies are carefully vetted and complied with.	D of F	September 2009
		Contract risk.	1	3	treat	We take advice as necessary.	D of F	September 2009
	Pension risk	Risk that legislative requirements are not known or complied with.	1	3	treat	We take advice as necessary.	D of F	September 2009
	Health & safety risk	Risk that legislative requirements are not known or complied with.	1	3	treat	Our policies are clear and complied with.	D of F	September 2009
2 Environmental legislation	UK Legislation	Risk that legislative requirements are not known or complied with.	1	3	treat	We take advice whenever we are unsure of any aspects.	Exec D	September 2009
	EU Legislation	Risk that legislative requirements are not known or complied with.	1	3	treat	We take advice whenever we are unsure of any aspects.	Exec D	September 2009
3 Financial reporting risk	Statutory accounts risk	Risk that legislative requirements are not known or complied with.	1	5	treat	We take great care with the accounts and take advice whenever we are unsure of any aspects.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	Accounting standards risk	Risk that legislative requirements are not known or complied with.	1	5	treat	We take great care with the accounts and take advice whenever we are unsure of any aspects.	D of F	September 2009
	SORP compliance risk	Risk that legislative requirements are not known or complied with.	1	4	treat	(Statement of Recommended Practice). We intend to take advice to ensure that the requirements are fully complied with.	D of F	September 2009
4 Charities legislation risk		Risk that legislative requirements are not known or complied with.	1	4	treat	We intend to take advice to ensure that the requirements are fully complied with.	D of F	September 2009
		Risk trustees are not aware of the legislative requirements of being on the Forum.	1	4	treat	We intend to fully appraise trustees of their role and responsibilities.	D of F	September 2009
5 Tax legislation risk	VAT/PAYE/NI risk	Risk that legislative requirements are not known or complied with.	1	5	treat	We are aware of the requirements of many aspects of tax legislation. We shall take advice on VAT issues.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
6 Data Protection Act risk		Risk that legislative requirements are not known or complied with.	1	3	treat	We have a carefully constructed policy which is complied with.	D of F	September 2009
7 Welfare compliance risk	Disability risk	Risk that legislative requirements are not known or complied with.	1	3	treat	We have a carefully constructed policy which is complied with.	Estates Manager	September 2009
	Child Protection Act risk	Risk that legislative requirements are not known or complied with.	1	3	treat	We have a carefully constructed policy which is complied with.	Academy Director	September 2009
8 Sector compliance risk	National curriculum compliance	Risk that legislative requirements are not known or complied with.	1	3	treat	We have a carefully constructed policy which is complied with.	Exec D	September 2009
	Mental Health compliance risk	Risk that legislative requirements are not known or complied with.	1	3	treat	We have a carefully constructed policy which is complied with.	Estates Manager	September 2009
9 Local Authority and Central Government risk	Grant criteria risk	Grant terms and conditions are not complied with.	1	3	treat	We are very careful to comply with terms and conditions of grants.	D of F	September 2009
	Licensing risk	Risk that legislative requirements are not known or complied with.	1	3	treat	We have a carefully constructed policy which is complied with.	D of F	September 2009

Risk Register - Financial Risks

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
1 Overall financial control risk	Budget risk	Risk that budget cannot be prepared in accordance with DfES timetable.	1	3	treat	We are expecting to have the budget ready well in advance.	D of F	September 2009
		Risk that budget will be in deficit.	1	3	treat	We are experienced in managing budgets and do not currently run into deficit.	D of F	September 2009
		Risk that actual performance is not measured against budget on a regular basis.	1	3	treat	Actual performance is regularly measured against budget.	D of F	September 2009
		Risk that budget headings are manipulated to ensure targets are met.	1	3	treat	We do not manipulate budget headings.	D of F	September 2009
	Reconciliation risk	Risk that bank reconciliations / other key reconciliations are not completed and reviewed.	1	3	treat	We review reconciliations monthly.	D of F	September 2009
		Risk that suspense accounts are not cleared or reconciled.	1	3	treat	(An account used temporarily to record entries that have yet to be classified.) We do not currently use suspense accounts.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	Consolidation risk	Risk that results of subsidiaries/associates are not consolidated with results of parent charity.	1	3	treat	The finances will be controlled centrally and budgets will be carefully monitored.	D of F	September 2009
2 Financial systems risk	Systems suitability risk	Risk that financial system is not suitable for charity's needs.	1	4	treat	The financial system is tried and tested by us.	D of F	September 2009
	Maintenance risk	Risk that financial system will not be maintained by provider in long term.	1	3	treat	Financial provider is very reputable.	D of F	September 2009
	Disaster risk	Risk that financial information cannot be recovered in the event of a disaster (e.g. fire, theft, vandalism).	1	4	treat	Backup systems are in place.	D of F	September 2009
	Access risk	Risk of unauthorised access to financial systems.	1	5	treat	We have systems in place to avoid this.	D of F	September 2009

Risk Register - Financial Risks Cont'd

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
3 Income risk	Completeness risk	Invoices not raised for all transactions.	1	2	treat	This is closely monitored.	D of F	September 2009
		Donations in kind or intangibles are not recorded or recognised in the financial statements.	1	3	treat	This is closely monitored.	D of F	September 2009
	Restricted income risk	Income is not identified as restricted on receipt.	1	4	treat	This is closely monitored.	D of F	September 2009
		Restricted income is used for purposes other than restriction.	1	3	treat	This is closely monitored.	D of F	September 2009
		Restricted funds are transferred to unrestricted funds without consent of donor.	1	4	treat	This is closely monitored.	D of F	September 2009
	Sponsorship funding risk	Sponsorship targets not met.	1	3	treat	We take great care to meet targets.	Exec D	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
		Sponsorship promised by individual partners is not delivered.	1	3	treat	Our sponsor is very reliable.	Exec D	September 2009
	Cut off risk	Risk that income is accounted for in the wrong accounting period.	1	3	treat	This is closely monitored.	D of F	September 2009
	Fraud risk	Risk that donations are misappropriated.	1	5	treat	This is closely monitored.	D of F	September 2009
4 Expenditure risk	Authorisation risk	Risk that expenditure is not authorised.	1	5	treat	This is closely monitored.	FD	September 2009
	Allocation risk	Risk that expenditure is allocated between SOFA headings using inappropriate basis.	1	3	treat	(Statement of financial Activities). This is closely monitored.	FD	September 2009
	Price risk	Risk that discounts are not secured or price reductions obtained on purchases or services.	1	2	treat	We are very careful with all spending.	FD	September 2009
	Cut off risk	Risk that expenditure is accounted for in the wrong accounting period	1	2	treat	This is closely monitored.	FD	September 2009
	Fraud Risk	False invoice/payment risk.	1	3	treat	This is closely monitored.	FD	September 2009

Risk Register - Financial Risks Cont'd

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
5 Treasury risk	Cash flow risk	Risk that cash flow requirements are not forecast.	1	5	treat	This is closely monitored each month.	D of F	September 2009
		Risk that cash is all tied up in investments and insufficient is readily available to meet short term cash flow needs.	1	5	treat	This is closely monitored each month.	D of F	September 2009
6 Fixed asset risk	Capital construction risk	Risk that assets built by contractors do not meet specifications, or actual cost exceeds budget.	2	3	treat	We use only reputable contractors.	D of F	September 2009
	Asset recognition risk	Risk that assets are not capitalised.	1	2	treat	We take advice on any aspect that we are unsure about.	D of F	September 2009
		Risk that depreciation rate is not appropriate	1	2	treat	We take advice on any aspect that we are unsure about.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
	Fraud risk	Risk that assets are misappropriated.	1	5	treat	Our asset register is kept up to date and inspected by the Responsible Officer.	D of F	September 2009
7 Investment risk	Return risk	Risk that the return on investments is not being maximised.	2	1	treat	We look carefully at cashflow to ensure that we invest the maximum amount possible at zero risk.	D of F	September 2009
		Risk that trustees are not acting in accordance with their investment policy/powers (e.g. investing in high risk investments which are not in best interests of the charity).	1	4	treat	We invest only at low risk.	D of F	September 2009
8 Stock risk	Fraud risk	Risk that stock is misappropriated.	3	2	treat	Heads of department are responsible for stock which they control carefully.	D of F	September 2009

Risk Register - Financial Risks Cont'd

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
9 Debtors risk	Recoverability risk	Risk that debts are not recovered.	3	1	treat	Any unrecovered debts are small, but we make every effort to avoid them.	D of F	September 2009
		Risk that provision for doubtful debts is overstated/understated.	3	1	treat	Any unrecovered debts are small, but we make every effort to avoid them.	D of F	September 2009
	Completeness risk	Risk that debtors record is not complete.	1	2	treat	The debtors record is specified in the Finance manual and kept up to date.	D of F	September 2009
	Cut off risk	Risk that debtors are accounted for in the wrong accounting period.	1	2	treat	The debtors record is specified in the Finance manual and kept up to date and in the correct accounting period.	D of F	September 2009
	Cash flow risk	Risk that profile of aged debtors deteriorates which impacts on cash flow position.	1	1	tolerate	All debts are relatively small.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
10 Taxation risk	Non-charitable trading risk	Risk that charity is liable to tax on non charitable trading activities.	1	3	treat	This is carefully monitored.	D of F	September 2009
	Change in legislation risk	Risk that charity is not aware of changes in legislation.	1	3	treat	The FD forum is helpful for keeping up to date. In addition, we will be informed of developments by the DCSF.	D of F	September 2009
11 Provisions and contingent liability risk	Recognition risk	Risk that charity is not recognising provisions or commitments in accordance with FRS 12.	1	3	treat	The objective of the FRS12 standard is to try to ensure that provisions, contingent liabilities and contingent assets are recognised and measured on a consistent basis. The basis of FRS12 is that provisions must satisfy the definition of liabilities: 'obligations of an entity to transfer economic benefits as a result of past transactions or events'.	D of F	September 2009
	Contractual commitments risk	Risk that charity has entered into future commitments without having the future funding available to meet them.	1	4	treat	We plan ahead to ensure that this does not occur.	D of F	September 2009

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Response (transfer, tolerate, treat, or terminate)	Control procedures and target date	Person(s) responsible for action	Date of next review
12 Related party risk	Identification risk	Risk that related party transactions/ transactions with connected persons are not identified.	1	3	treat	We take care to identify people as necessary.	D of F	September 2009
	Disclosure risk	Risk that related party transactions are not correctly or fully disclosed in the financial statements.	1	3	treat	We ensure that this does not occur.	D of F	September 2009
13 Funds risk	Level of funds	Risk that fund levels are too high/low.	1	3	treat	This is monitored monthly.	D of F	September 2009
		Risk that unrestricted funds are in deficit and restricted funds are in surplus.	1	3	treat	This is monitored monthly. We ensure that we spend appropriately so that this does not occur.	D of F	September 2009
	Endowment risk	Risk that capital in permanent endowment funds is not maintained.	1	4	treat	Capital in permanent endowment funds is not permitted to be touched.	D of F	September 2009
14 Pension risk	Funding risk	Risk that scheme is in significant deficit.	1	5	tolerate	Pension schemes are national.	D of F	September 2009
	Contribution risk	Risk that employers' contribution rate increases.	2	2	tolerate	We allow for increases in the budget as a contingency.	D of F	September 2009
		Risk that charity is not making the correct contributions.	1	3	treat	We check annually that contributions are correct.	D of F	September 2009

G. Glossary of Risk Terms

Assurance	gaining (independent) confirmation that the organisation's governance, risk management and internal control framework is appropriate, adequate and achieving the effects for which it has been designed
Corrective Control	a control designed to correct undesirable outcomes
Detective Control	a control designed to detect undesirable outcomes which have arisen
Directive Control	a control designed to ensure a particular outcome
Embedding Risk Management	ensuring that the risk management strategy is reflected in the objectives and function of every level of the organisation
Exposure	the consequences, as a combination of impact and likelihood, which may be experienced by the organisation if a specific risk is realised
Horizon Scanning	systematic activity to identify changes in risk as early as possible
Inherent Risk	the exposure arising from a specific risk before any action has been taken to manage it
Internal Control	any action taken within the organisation to manage risk, including the impact if the risk is realised and the frequency of it
Impact	the evaluated effect or result of a particular outcome actually happening
Likelihood	the evaluated probability of a particular outcome actually happening (including a consideration of the frequency with which the outcome may arise)
Preventive Control	a control designed to prevent an undesirable happening
Residual Risk	the exposure arising from a specific risk after action has been taken to manage it
Risk	uncertainty of outcome, whether positive opportunities or negative threats, arising from a combination of impact and probability, including perceived importance
Risk Appetite	the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time
Risk Assessment	the evaluation of risk with regard to the impact if the risk is realised and the likelihood of the risk being realised

Risk Management all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress

Summary, which can be adapted for use in the Annual Report:

Risk

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, pupil welfare and school trips) and in relation to the control of finance. They have ensured that systems are in place, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in a separate section. The Risk Management Group, consisting of the Executive Team and two others from the Senior Leadership Team meet on a termly basis.

11 PAYROLL

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

11.1 Staff Appointments

The Academy Trust has approved a personnel establishment for each academy. Changes can only be made to this establishment with the approval in the first instance of the Executive Head who must ensure that adequate budgetary provision exists for any establishment changes. Thus any additional post or significant pay change must be approved in advance by the Executive Head.

All new appointments must be made using the appropriate forms.

The Executive Director has authority to appoint staff within the authorised establishment except for other members of the Executive Team, whose appointments must follow consultation with the governors. The Executive Director maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Director of Finance and Corporate Services immediately.

11.1.1 Casual Appointments

The day to day administration of all casual labour claims is the responsibility of the Finance Manager. Claim forms are to be signed by the line manager prior to submission to the Finance Manager for processing.

11.2 Payroll Administration

The Academy payroll is sub-contracted to an external provider.

All staff are to be paid monthly. The payroll provider will create a master file for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

Each section head must advise details of any staff sickness or other absences to the respective Finance Office on a daily basis. Any new appointments or terminations should also be advised by the Director of Finance and Corporate Services as and when they happen. All documentation should be sent to the Finance Manager for onward submission to the payroll provider.

The usual timetable for monthly payroll administration is as follows (although the dates will of course vary slightly each month);

To be inserted when agreed with the payroll provider.

Spot checks on payroll details to contracts of employment are to be carried out periodically by the Responsible Officer or the Chairman of Governors. All checks should be clearly documented and retained for audit. Any overtime or other payments and any deductions within these spot checks should be agreed by the Responsible Officer or the Chairman of Governors to supporting documentation.

Access to payroll and personnel records is restricted to staff members directly involved in the administration of these functions.

Any claims for payment of wages or overtime should be authorised by the by the member of staff's line manager, and then also signed by either the Academy Director or by the Director of Finance and Corporate Services, before payment. Increases in salary are authorised by the Executive Director - this includes honoraria.

11.3 Payments to staff

After the payroll has been processed but before payments are dispatched a print of salary payments by individual showing tax and national insurance is to be provide by the payroll provider. The reports are then authorised by the Director of Finance and Corporate Services and another authorised signatory before payment is made. The total net pay on the banking system is then reconciled with that on the accounting system.

All salary payments are made by BACS to be credited to bank accounts on 15th monthly, unless it is a Saturday or Sunday or Bank Holiday, in which case staff will be paid on the Friday before.

Casual and supply staff are paid on a claims basis one month in arrears.

The Finance Manager through the Finance Assistant should prepare a reconciliation of the year to date gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Director of Finance and Corporate Services ideally on a monthly basis.

The payroll provider will calculate the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay report and cheques for these amounts should be prepared by the Finance Officer and authorised for payment by the Director of Finance and Corporate Services by the due date.

Where individuals present invoices to the school for work undertaken e.g. self-employed tutors, we must write to them pointing out that they are responsible for their own Tax/NI contributions. A signed copy of this letter must be obtained to confirm their understanding, so we can keep this for our records. Providing we have received written confirmation, payment may then be made by cheque rather than paying them through the payroll.

The Director of Finance and Corporate Services should select at least one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

On an annual basis the Responsible Officer must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Director of Finance and Corporate Services' files.

12. ASSETS

An asset register of all capital items is in an appropriate format and is updated on a continual basis as assets are purchased.

Updating of the register as assets are procured ensures that it is always current and this eases the task of end of year asset verification. It also simplifies the setting of insurance levels and the handling of any claims.

Assets are checked against the asset register termly.

The Academy adopts the principle of an Asset Register for specified items of a greater than given value, plus an Inventory List for all other items of value (excluding those on the Asset Register).

12.1 A school asset is classed as any individual item with a purchase value of £1,000 or over.

12.2 The asset, as at the incorporation date, is recorded in a centralised computerised asset register. All subsequent additions and disposals are to be clearly documented in the register.

12.3 The asset register should include the following information:

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

12.4 The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the academy's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

- 12.5 The Director of Finance and Corporate Services has overall responsibility for the asset register, with maintenance of the register delegated to the Finance Manager. The Director of Finance and Corporate Services must check the asset register at least annually, more regular checks of departments being undertaken by the Responsible Officer. A signature to show that the check has been completed is to be entered in the register (or hard copy if computerised) with the date. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Director of Finance and Corporate Services.
- 12.6 Any other significant items purchased by each academy with a value of <£1,000 will be recorded in a separate Inventory List. This would particularly relate to electrical equipment e.g. TV's, DVD Recorders and Digital Cameras. Heads of Department will maintain and keep their own Inventory Lists updated, working together with their allocated member of the Senior Management Team. Anything not covered by the Asset Register or Inventory List will not be insured.
- 12.7 Assets and inventory items purchased on behalf of or by the Senior Management Team are to be kept in a separate log, under the control of the Director of Finance and Corporate Services.
- 12.8 All title deeds must be securely stored, preferably in a bank deposit box or in a fireproof safe on the Academy premises. Notification of the location of the deeds should be written into the asset register, along with any DCSF or third party interest. Access to the deeds is restricted to members of the Executive Team.
- 12.9 On receipt of an invoice, items should be entered into the asset register and allocated the next sequential number.
- 12.10 The Director of Finance and Corporate Services is responsible for ensuring all assets are permanently and visibly marked in a readily identifiable manner which must include the asset register number. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.
- 12.11 Where practical, assets should be kept under lock and key when not in use.

Loan Procedures

- 12.12 Items of School property and assets may not be removed from the premises without written record. The Responsible Officer will make random checks on assets and inventory lists throughout the school year.
- 12.13 Staff may borrow such items for use at home for up to two weeks with permission of the Head of Department. For periods greater than two weeks, the Director of Finance and Corporate Services must authorise the loan and record it.
- 12.14 Details of the loan are entered on the appropriate register or inventory list before the property is removed from the premises.
- 12.15 The return of property is signed for and dated by the Heads of Department in the register, which is also signed by the member of staff when the property is returned.

- 12.16 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

Loss of Equipment

- 12.17 Actual or suspected loss of equipment is notified to the Director of Finance and Corporate Services and Responsible Officer immediately.
- 12.18 A log of all equipment lost or suspected as lost is to be kept as part of the asset register - any losses must be brought to the attention of the Executive Director or Director of Finance and Corporate Services immediately.

Disposals

- 12.19 The usual life span of an asset will be three years e.g. for computers or video/DVD recorders. However, this could vary for other items e.g. vehicles or buildings. Once an asset item, through ongoing depreciation, is deemed to be worth less than £1,000, then this may be transferred from the asset register to the inventory list.
- 12.20 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Finance and Corporate Services and, where significant, should be sold following competitive tender. The academy must seek the approval of the DCSF in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid. Details of the authority to dispose must be entered in the asset register.

The limit for disposal of land and buildings is currently set at nil and must be authorised by the Finance and General Purposes Committee. Prior approval for such disposals must also first be sought from the Secretary of State. Where items are used by the School, but are not owned by it, they should be noted within the asset register and clearly identified.

- 12.21 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner.
- 12.22 The Academy is expected to reinvest the proceeds from all asset sales, for which capital grant was paid, in other Academy assets. If the sale proceeds are not reinvested then the academy must repay to the DCSF a proportion of the sale proceeds.

13 INSURANCE

13.1 The Academy Trust is responsible for taking out and maintaining adequate insurance as it sees fit, or as it is advised, and to comply with statutory requirements.

13.2 The minimum should cover;

13.2.1 Buildings and contents of the School against damage by fire, lightning, explosion, storm, flood, riot or malicious damage and similar risks and consequential loss arising from such damage.

13.2.2 Employers' and public liability cover against the Governors' responsibility for injury or illness of staff or third parties or damage to third party property, including cover required by statute for vehicles operated by the School.

13.2.3 Details of policies held and current valuations are to be maintained by the Director of Finance and Corporate Services and updated on an annual basis.

13.2.4 Vehicles should have comprehensive cover and will be the responsibility of the Academy Trust.

14 INCOME

14.1 General Income

The main sources of income for the Academy Trust are the grants from the DCSF and from our sponsors. The receipt of these sums is monitored directly by the Director of Finance and Corporate Services who is responsible for ensuring that all grants due to the Academy are collected.

The Academy Trust also obtains income from students, mainly for trips and the public, mainly for sports lettings.

14.2 Trips

A lead teacher must be appointed for each trip to take responsibility for ensuring the collection of money. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. Payments are to be collected by the trip organiser or Student Support Assistant (SSA) allocated to help. Where trips involve payment of a deposit followed by further instalments, a payment record card must be issued to each pupil. This must be completed and signed by way of a receipt each time any money is handed in, giving the running total.

The lead teacher or SSA should maintain an up to date record for each student showing the amount paid and the amount outstanding. The lead teacher is responsible for chasing the outstanding amounts.

Monies received from pupils for school trips should be 'married up' on a trip by trip basis. Any difference between income and expenditure should either be refunded, carried forward to subsidise the next trip, or taken as a donation. Trip accounts are not allowed to overspend. If a trip does result in an overspend then any shortfall will have to be made up from the most appropriate departmental budget.

Agreement must be sought from the Executive Director by the trip organiser before a decision to issue refunds can be made. This would depend on the initial overall cost of the trip per pupil and the amount left over.

If a cheque from a parent is returned unpaid, then the parent(s) must immediately be contacted in writing requesting a replacement cheque or cash within 7 days. The parent(s) will also be warned that if further cheques are returned unpaid, then the school reserves the right to insist that all future payments are made in cash.

When monies are handed in they must be accompanied by either a handwritten or printed school activity/collection sheet which details the individual amounts banked, the names of the pupils concerned, and the overall total. A signed photocopied receipt will be issued on request and the monies are to be banked at the earliest opportunity.

Cash is left with the Finance Office on the understanding that a deferred checking procedure will take place. If the amount left does not correspond with the amount signified on the documentation handed in, then this can be altered by the Finance Assistant on checking again by the Finance Manager. Alterations should be signed by both officers. The member of staff involved will then be informed of the discrepancy. If the Finance Manager deems the discrepancy large enough, then the whole of the takings may be retained and the member of staff invited to check the contents again prior to banking them.

14.3 General Lettings

The scale of charges for lettings and/or for the use of school facilities must be approved by the Academy Trust in writing. Free use and charges below economic cost should be unusual and authorised by the Executive Director on a case by case basis.

The Events Manager is responsible for all lettings - the Finance Manager and other administration staff will undertake all administration. The Head of Support Services is authorised to negotiate variations up to 20% where appropriate.

The Academy Trust must establish terms and conditions for lettings.

Detailed records of each letting will be kept.

Applicants are to be sent application and indemnity forms, together with a copy of the latest terms and conditions and a list of charges. On receipt of both the completed application and indemnity forms, the letting may progress at the discretion of the Head of Support Services. If the letting is not to take place, the applicant should be advised in writing.

If the letting is to proceed, on approval, all documentation is passed to the Finance Officer who then raises and sends an invoice requesting payment for the letting. Outstanding payments are brought to the attention of the Director of Finance and Corporate Services at each monthly reconciliation. All proposed write-offs must be authorised by the Executive Director.

Income from lettings is to be credited to the bank account.

The maximum period for any letting is limited to twelve months.

All general lettings are normally subject to a minimum hire period of 3 hours and the rate for Sunday will apply to any hours after midnight on any day.

A damage retention charge may be made for certain events. This refundable charge is to be paid in addition to and at the same time as the letting charge.

14.4 Sports Lettings

A named Administration Officer is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments should normally be made in advance for the use of facilities. These charges are published as part of the charging lists and are subject to change at any time following written notice. Sports hirings are normally subject to a minimum hire period of 2 hours.

Details of organisations using the sports facilities should be sent by the Administration Officer to the Finance Manager who will establish a sales ledger account and produce a sales invoice from the Sage accounting system. Organisations using the sports facilities should be instructed to send all payments to the Finance Office. The Finance Manager is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

No debts should be written off without the express approval of the Director of Finance and Corporate Services (the DCSF's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

14.5 Lettings Charges

Administration of lettings of the school facilities is the responsibility of the Director of Finance and Corporate services

- Charges are hourly based.
- A cancellation charge will be made in the event of less than 7 days notice of cancellation being given.
- Lettings are to finish promptly at the agreed time.
- Over-runs will be charged at double rate and will be due immediately.
- A cleaning cost may be charged depending upon the nature of the event.

It is the policy of the Finance and General Purposes Committee to publish fees for lettings and additional facilities provided within different price bands. The charging list is a separate policy in its own right and the charges are subject to review at any time.

Discounts are available to charitable organisations. Applications should be made in writing to the Executive Director.

The school may insist on the letting being attended by the site manager and/or his assistant. In this instance there will be an additional appropriate charge depending on whether the letting is attended or unattended.

14.6 Banking

Official, pre-numbered academy receipts should be issued for any income received on request. All cash and cheques must be kept in each academy's Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit for each safe in the Finance Office.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

Staff are not permitted to operate any school bank accounts (or similar). All monies under the aegis of the Academy Trust must be recorded and administered centrally. Cash collected must not be replaced with personal cheques by any member of staff.

All cash collected should be locked in cash boxes and then locked in cupboards at the most just on an overnight basis. The cash must then be taken to the Finance Office where it will immediately be placed in the school safe.

A copy of each invoice raised will be kept by the Director of Finance and Corporate Services as a separate log. Any cancellations or amendments to the amount of an invoice must be authorised by the Director of Finance and Corporate Services by annotating and signing the appropriate copy invoice.

A separate computerised debtor register is to be kept and administered by the Finance Officer so that the school is aware at any one time what monies are owed to it.

15 BANKING AND CASH MANAGEMENT

- 15.1 The bank must be informed that each Academy is a "Statutory charity" under Chapter 40, Schedule 12 of the Education Reform Act 1988. Consequently, all interest should be paid gross.
- 15.2 Public monies are to be maintained in separate bank accounts to non-public monies. This not only allows additional control over proper expenditure but also permits easier reconciliation of the specific grants awarded by the DCSF, and other public bodies.
- 15.3 The opening of all bank accounts must be authorised by the Academy Trust who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.
- 15.4 GAG income is to be paid in to the General account.
- 15.5 The academy is not allowed to be overdrawn on its accounts and the bank has been advised not to allow a deficit to occur on any account.
- 15.6 All cheques, direct debits, standing order mandates and electronic transfers require two signatures from the panel. Authorised signatories are as stated on the bank mandate. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
- 15.7 Only the respective Finance Officers are authorised to order new chequebooks.
- 15.8 A bank statement is required for the public funds account on a weekly basis and on all other accounts on at least a monthly basis.
- 15.9 All receipts should be accounted for as they are banked (or as each Academy is notified of bank transfers) and supporting documentation retained for audit.
- 15.10 The respective Finance Officers and Finance Assistants are responsible for the handling of all monies and input of data. The Director of Finance and Corporate Services is responsible for all reconciliations.
- 15.11 The majority of cash held within the Finance Office should be kept in the safe. Other monies are to be stored in either locked cash boxes or locked drawers if necessary. Access to all cash holdings is restricted to the Finance Officer and one other Finance Assistant.
- 15.12 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include the amount of the deposit and a reference, such as the number of the receipt or the budget being credited
- 15.13 Normally all business post is to be opened and distributed by the School receptionists. Mail of an obviously private nature (either marked Personal or Confidential) is normally passed unopened to the addressee. The Executive Team has the right to open mail. Invoices are passed directly to the Finance Manager for information and then to the Finance Assistant for recording. All post must be date stamped.

- 15.14 A separate file is to be maintained, recording cash received through the post. Monies received are to be passed directly to the Finance Assistant for recording and banking.
- 15.15 The Director of Finance and Corporate Services must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the academy's cash book;
 - reconciliations are prepared by the Finance Assistant or the Finance Officer;
 - reconciliations are subject to an independent monthly review carried out by the Director of Finance and Corporate Services or in his absence the Responsible Officer and
 - adjustments arising are dealt with promptly.

16 PETTY CASH AND EXPENSES

- 16.1 The Finance Manager is responsible for petty cash which should be kept secure in the safe. The float limit will be maintained at £250 per account.
- 16.2 Petty cash claims are to be made using petty cash vouchers that are then authorised by the budget holder. All claims must be substantiated by receipts. Claims are limited to a maximum of £100. If items are to be purchased in cash, an advance can be obtained if necessary.
- 16.3 Cash payments will be acknowledged by signing a pre-numbered voucher.
- 16.4 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.
- 16.5 Petty cash transactions are entered by the Finance Officer onto the computer system.
- 16.6 Petty cash is to be formally reconciled by the Finance Officer. The Director of Finance and Corporate Services or Responsible Officer should also make regular and unannounced cash counts to ensure that the cash balance reconciles to supporting documentation.
- 16.7 The Academy does not cash personal cheques for members of staff.
- 16.8 Petty cash is not to be used as an additional method for paying for goods and services.
- 16.9 Staff Expenses**
- 16.10 A refund of actual expenditure incurred may be obtained by members of staff who have completed a claim form and obtained authorisation from the relevant budget holder. Self-authorisation is not permitted. All claims by the Executive Director will be authorised by an approved cheque signatory. All claims must be substantiated with receipts.
- 16.11 Payments can be made direct to a nominated Bank account, although normally payment will be made by cheque. If sent electronically, the payment must still be authorised by two cheque signatories.
- 16.12 Travel cost refunds for staff are to be paid at the current Inland Revenue allowance for any school business. It is expected that senior managers will travel first class. For all other staff, refunds are normally limited to a maximum equivalent to the standard return rail fare.
- 16.13 Staff may, following Inland Revenue regulations, claim for mileage from their home to their temporary place of duty and return to their home. They may not add their usual daily travel mileage to the claim.
- 16.14 Meals paid for by staff for are subject to VAT at the standard rate.
- 16.15 The Finance Manager is responsible for the refund of expenses.

- 16.16 Appropriate dispensations from the Inland Revenue have been obtained for mileage rates and subsistence. With regard to subsistence, we can pay over the normal allowance, on production of receipts 'where it can be shown that it is a reasonable amount considering the prevailing circumstances at the time when the expenditure was incurred'. Other reimbursed expenses will require disclosure as part of the Inland Revenue form P11D year-end procedure.
- 16.17 Any refunds of Governors' expenses will be at the same rate as all other staff, within DCSF and Inland Revenue prescribed limits.

17 Governor Allowances

- 17.1 A separate budget line is set up within each academy's annual budget for governors' allowances and all expenditure must be coded to this line.
- 17.2 Any refunds of governors' expenses will be at the same rate as for all other staff, within DCSF and Inland Revenue prescribed limits.
- 17.3 A refund of actual expenditure incurred may be obtained by governors who have completed a claim form and obtained authorisation from the Executive Director or an approved cheque signatory. Self-authorisation is not permitted. All claims must be substantiated with receipts.
- 17.4 Payments can be made direct to a nominated bank account, although normally payment will be made by cheque. If sent electronically, the payment must still be authorised by two cheque signatories.
- 17.5 Travel cost refunds are paid at the current Inland Revenue allowance for any school business; refunds are normally limited to a maximum equivalent to the standard return rail fare.
- 17.6 The Academy does not cash personal cheques for governors.
- 17.7 The respective Finance Officer is responsible for the refund of expenses.
- 17.8 Appropriate dispensations from the Inland Revenue have been obtained for mileage rates and subsistence. With regard to subsistence, we can pay over the normal allowance 'where it can be shown that it is a reasonable amount considering the prevailing circumstances at the time when the expenditure was incurred'. Other reimbursed expenses not covered by our dispensation will require disclosure as part of the Inland Revenue form P11D year-end procedure.

18 CREDIT CARDS

- 18.1 Three credit cards may be allowed for use solely by the Executive Director, Academy Director and Director of Finance and Corporate Services, each with a credit limit of £2,000 per month only.
- 18.2 Expenditure will be at the discretion of the Executive Director, Academy Director or Director of Finance and Corporate Services and wherever possible supported by receipts. In any case the monthly statements are fully itemised and these are to be checked and signed off independently.
- 18.3 The statements, once checked, are to be handed to the Finance Manager along with any supporting receipts. The expenditure should then be recorded on the accounting system and the statement filed along with paid invoices for the month in question.
- 18.4 The purpose of the card is for the sake of convenience and to cut down on the requirement to carry petty cash or write individual cheques.
- 18.5 The credit cards may also be used to purchase items required urgently e.g. train tickets for staff attending courses or items ordered over the internet, again at the discretion of the Executive Director, Academy Director or Director of Finance and Corporate Services. Screen prints of any transactions are to be kept for audit purposes.

19 LEASING AND HIRE PURCHASE AGREEMENTS

- 19.1 An Academy may only enter into operating leases after consideration by the Finance Committee and other relevant committees.
- 19.2 The Executive Director, Chair of Governors and the Chair of the Finance Committee are the only people allowed to enter into leasing arrangements on behalf of the Academy. Two of the three must agree that the transaction is beneficial to the Academy before any lease is taken out.
- 19.3 Operating leases of greater than £20,000 over the life of the lease must be authorised by the Finance and General Purposes Committee and ratified by the Academy Trust.

20 BORROWING POLICY

- 20.1 the Academy must seek the Secretary of State's approval for both short term borrowing (including overdraft facilities) and medium/longer term loans from the private sector (including finance leases), where such borrowing is to be repaid from DCSF grant or secured on assets funded from DCSF grant. However the Secretary of State's normal policy is that academies should not be granted permission for medium and long term borrowing;
- 20.2 As an exception the Academy's Funding Agreement may permit borrowing prior to opening, or as a direct consequence of the Secretary of State's failure to make agreed payments of grant to the Academy on time.

21 PECUNIARY INTERESTS

- 21.1 All Governors, Senior Staff and Budget holders of each academy will receive a copy of the Finance Manual and are required to sign a return to say they have read and understood the details therein.
- 21.2 Any Governor or member of staff involved in purchasing any goods or services should declare an interest in any decision or transaction if they have a pecuniary interest. This also applies to the tendering process and would disqualify any individual from any further involvement.
- 21.3 The definition of a pecuniary interest is: -
- Any person with a direct or indirect financial interest in a firm which may wish to supply or tender to supply services to the Academy.
- A direct interest is where the governor or staff member may be a partner, director, shareholder or employee of the firm in question. An indirect interest is considered to exist where the governor or staff member has a close relative who would be treated as having a direct interest.
- 21.4 If the governor or staff member has a direct or indirect interest then he/she should not take part in the consideration or selection or appointment of the firm in question.
- 21.5 The register of pecuniary interests should be updated each year at the first Full Governors meeting of the academic year and should be checked by governors before deciding on any tender. All governors should sign a declaration annually and this should be a nil return. The register will be kept and updated by the Clerk to Governors.
- 21.6 If a pecuniary interest has not been declared in the correct way by an individual, a file note of any occurrences will be kept, and the matter will be referred to the next meeting of the Finance and General Purposes Committee. If the same problem were to arise again, then the Full Academy Trust would be consulted as soon as possible regarding action to take.
- 21.7 If one Governor suspects anything wrong, he/she must report it immediately to the Chair of the Full Academy Trust.

- 22.1 The Trust places great value on always treating staff, visitors and indeed anyone associated with the Academies with the utmost respect and this is reflected in our general approach to issues to do with hospitality. The Executive Principal has a delegated budget for hospitality which he further delegates as appropriate. In general terms while it is difficult to be specific in every situation the Trust believes that:
- (a) for staff in service training a buffet (or sustenance of reasonable quality) should be provided;
 - (b) for governor in service training a meal of reasonable quality should be provided;
 - (c) it is expected that official visitors to the school be given lunch or either provided a lunch of sufficient quality to reflect our standards or taken to an appropriate restaurant;
 - (d) the Trust believes that it is both good value for money and serves the purposes of indicating the value we place on our staff, to utilise the tried and tested method of evening meetings based around a meal in a private room with a variety of staff. This has proved very advantageous in the past in that the normal working life of the school is not disrupted and it is a sound way of ensuring that specific issues can be addressed and focussed upon by those most concerned. The Trust therefore approves the concept of using resources for that purpose;
 - (e) in general terms, travel to events for most staff will either be by car or by rail. On occasions when the rail network is used it is assumed that most staff will travel using standard class tickets. However, the nature of senior team positions and responsibilities and the fact that often rail travel to London can be problematic the Trust approves the use of first class travel for those members of staff or other members of staff approved by the Executive Team;
 - (f) while the Trust will not condone drinking of alcohol in the school day, the Trust has no issue with members of staff at social events, or working events after school hours, imbibing alcoholic beverages.
 - (g) it is expected that the budget will be used for meals/refreshments, taken while members of staff are engaged on school business, whether during the school day, outside the school day, or on days when the school is not in session.
 - (h) when any gathering involving the hospitality budget takes place, the most senior representative present takes responsibility for payment and ensures that the event is properly accounted for in the books.
- 22.2 In general the Trust is content to give the Executive Team discretion over the use of hospitality budgets within the context of achieving the Trust's overall aim of maintaining the appropriate standards as outlined above. If in doubt then the Executive Team are asked to clarify any matters of concern with the Governors.
- 22.3 The intention is that this approach should not be seen a remuneration or benefit in kind but simply as a reflection of our approach to working with others.

Gifts

22.4 As a general guideline, business gifts and hospitality should not be accepted by any member of staff, except as provided for below:

- The intention of the policy is to ensure that the Academy can demonstrate that no undue influence has been applied or could be said to have been applied by any supplier or anyone else dealing with the Academy. The Academy should be able to show that all decisions are reached on the basis only of value for money and for no other reason. Any consideration of whether or not the principles of this Policy have been breached will be determined by reference to this principle.
- Any breach of this policy could lead to disciplinary action and may constitute gross misconduct.
- Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Academy by:
 - maintaining an unimpeachable standard of honesty and integrity in all their business relationships;
 - complying with the letter and spirit of the law, and contractual obligations rejecting any business practice that might be deemed improper;
 - at all times in their business relationships acting to maintain the interests and good reputation of the Academy.

22.5 Any employee who becomes aware of a breach of policy must report this immediately to his or her manager who will instigate investigations as necessary.

22.6 Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Academy in any matter relevant to an employee's duties (such as conflicting business interests) should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions to the Director of Finance and Corporate Services for entry into the Register of Business Interests.

22.7 Employees are permitted to accept gifts, rewards or benefits from members or the public or organisations which the Academy has official contacts only where they are isolated gifts of a trivial character, or inexpensive seasonal gifts (such as diaries or calendars). Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to effect a business decision.

22.8 From time to time the school purchases gifts for visitors (e.g. guests at Prizegiving day etc.) within Inland Revenue guidelines. At the discretion of the Executive Team, the hospitality budget may be utilised for this purpose.

22.9 Where purchased items include a "free gift", such a gift should be either used for Academy business or handed to the Academy for general use.

22.10 In relation to conventional hospitality (lunches, outings, tickets for events, etc), this is permitted, provided that it is normal and reasonable in the circumstances. Such invitations should not therefore be accepted where there is no reasonable business justification for doing so, where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.

22.11 Any hospitality other than that of a nominal value, or facilities other than provided during the normal course of business, should be reported to the Director of Finance and Corporate Services for entry into the Register of Business Interests.

23 CHARGING AND REMISSIONS POLICY

Issues

23.1 Residential Courses in School Time

Where an academy activity involves pupils being away from home for the night, parents will be asked for voluntary contributions for board and lodging. Any charges must not exceed the actual cost of providing the board and lodging. Activity trips will be reliant on these contributions if they are to continue; more on this matter is included in the separate Trips Policy. Parents will be advised that the Governors will remit charges if parents are in receipt of Income Support, income based Job Seekers Allowance or Family Tax Credits.

23.2 Trips during School Time

Parents will be asked for voluntary contributions for academy trips during school time where they are being used to supplement the curriculum.

23.3 Activities Outside School Hours not within the National Curriculum

Participation is on the basis of parental choice and willingness to meet the cost. Agreement of parents is a necessary prerequisite for this provision and contributions will be required.

23.4 Individual Music Tuition

Charges may be made to parents for individual tuition in playing any musical instrument, even if such tuition takes place during school hours. Parental agreement and a signed contract will be obtained before the tuition is provided.

Vocal Tuition:

Individual group vocal tuition, which is provided during school hours, will be provided free of charge. Where vocal tuition is provided outside school hours and is not required as an integral part of the syllabus for a prescribed public examination, or by the National Curriculum, a charge will be made.

23.5 Dual Examination Entries

Where the preparation provided by an academy would enable a pupil to take two or more alternative examinations in syllabuses for prescribed public examinations, the academy may charge for second and subsequent entries.

23.6 Extra Examination Entries and Results without Tuition

Where the Academy Trust agrees to enter a pupil for a prescribed public examination for which he or she has not been prepared by the Academy, the cost of the entry for the examination will be passed on to the parents. Where further preparation is provided to a student to resit an examination, no charge will be made.

23.7 Examinations not on the Prescribed List

Charges will be made to parents for entries for examinations which are not on the prescribed list.

23.8 Wasted Examination Entries

Charges will be made to parents except in the case of certificated illness or at the Executive Director's discretion in substantiated exceptional circumstances.

23.9 Exam Re-Sits

All exam re-sits for Sixth Formers will be paid for by parents, except GCSE re-sits. In exceptional circumstances only, where parents are experiencing financial hardship, the Academy may help with payment, but this would be at the sole discretion of the Executive Director.

23.10 Ingredients or Materials for Practical Subjects

Parents are encouraged to provide ingredients, materials, etc. needed for practical subjects such as Technology. The Academy Trust may charge for, at cost or less, or require the supply of, ingredients and materials if parents have indicated, in advance, their wish to own the finished product.

23.11 Lost School Equipment, Books etc

Parents will be expected to replace or pay for the cost of lost items of Academy property.

23.12 Breakages and Damage to School Buildings, Furniture or Property

Parents will be charged for damage caused as a result of a pupil's behaviour.

23.13 Optional Extras

Any charge made in respect of individual pupils will not exceed the actual cost of providing the optional extra activity divided by the number of pupils willing to participate. It will not therefore include an element of subsidy for any other pupils wishing to participate in the activity whose parents are unwilling or unable to pay the full charge.

The charge can include an appropriate element for:

- the pupil's travel costs
- the pupil's board and lodging costs
- the materials, books, instruments and other equipment needed
- support staff costs
- entrance fees to museums, theatres etc
- insurance costs

Any charge may also take into account the cost of engaging teaching staff specifically for that activity.

24 POLICY ON DISCRETIONARY FUNDING

- 24.1 The purpose of the Learner Support Fund is to provide financial help to students whose access to, or completion of education, is prohibited by financial constraints or barriers.
- 24.2 It is expected that financial support will be used to help students with the costs of:
- travel;
 - books and equipment;
 - additional course costs such as field trips and vacation revision;
 - examination fees not covered by the existing school provision;
 - childcare, and
 - other costs associated with living and learning.
- 24.3 The Executive Director has delegated responsibility to the Director of Finance and Corporate Services to allocate Learner Support Funds in accordance within the guidelines from the DCSF.
- 24.4 The Director of Finance and Corporate Services's personal knowledge of students and their background is used when determining individual allocations, although evidence of hardship will generally be required.
- 24.5 Payments are to be made directly to the students concerned.
- 24.6 Any internal disputes will be referred to the Director of Finance and Corporate Services.

25. MAJOR EXTERNAL PROJECTS IN THE NAME OF "New Charter Academy"

Guidelines for projects which involve:

- Parents
- Pupils
- Fundraising
- Significant Expenditure
- Sponsorship

AND

which are to be proposed or developed in the name of "New Charter Academy"

General

- 25.1 "New Charter Academy" is a powerful brand image, with or without the attendant logo, and should be regarded as such, in the same way that intellectual property is very much valued, and guarded, by industry.
- 25.2 The name and logo is synonymous with "quality", "state of the art", "highly regarded", "sought after", "pride" and many other desirable perceptions – and all this being peripheral to the core activity of giving pupils the best of all educational experiences.
- 25.3 We must guard this perception of "quality" to the extent that only projects which have the written authority of the Executive Director should be undertaken in the name of New Charter Academy – and the giving of such authority would be conditional on those who are to be involved in the project being fully aware of the need to uphold the good standing of the "brand".
- 25.4 It is also vital to maintain the integrity of New Charter Academy in "downstream" activities which may be linked to any authorised project. A major overseas visit, for example, would most likely require a major cash input from parents, and parents may wish to defray some of those costs by encouraging their children to engage in fundraising activities – indeed this should be part of the contribution of the child to the project. Such "downstream" fundraising, if done in the name of New Charter Academy, must also be subject to approval by the Executive Director.

Issues which should be considered:

- 25.5 The proposal for clear cut guidelines is not to stifle initiative or creativity, but to ensure that the integrity of the school is paramount in every phase of the project.
- 25.6 Phase I – the "Ideas" phase**
The outline proposal should be prepared, and a formal presentation made to the Executive Director, following which written approval would be needed to move the project to Phase II

Phase II – the "Costing" phase

- 25.7 A realistic costing model must be produced to cover all aspects of the proposed project, together with a skeletal plan of how these costs would be covered, to include potential delegate contributions, sponsorship, fund raising, grant aid.
- 25.8 Although this is still an early costing model, the delegate contributions should be fixed as early as possible in the process and should not vary, either in expectation or in fact. Variations in delegate numbers would then become part of the risk analysis, which would contribute to the final decision to go ahead – or not – with the project. The proposed delegate fee must be accompanied by a detailed and unequivocal list of what is and what is not included.
- 25.9 Sponsorship and fund raising, at this "primary" level, and any grants which may be available, must be used to defer costs which the delegates themselves would not be expected to cover – the purchase of equipment which would revert either to school use or remain available for future projects, gift aid, and charitable donations are examples. Other costs, such as overseas transport or contingencies, would also fall into this category.
- 25.10 Potential sponsors may wish to be associated with a particular project, but at the "corporate" level, contributing to those costs which would not normally be borne by the delegates.
- 25.11 Any excess fundraising should either be used to increase the charitable aspects of the project, or to contribute to a "general projects fund" in order that projects which under perform in a financial sense may formally apply to such a fund for financial support.
- 25.12 As this phase develops, regular updates must be provided to the Executive Director, accompanied by formal minutes of every meeting which has taken place during this phase. In particular, all external communications, including letters to parents, must have the full approval of the Executive Director.

Phase III – The "Implementation" phase

- 25.13 This leads on from the costing phase and the protocol will be for the organising body to make a full presentation to the Executive Director/and or The Executive team with the precise details of the plan for the project – to include who will have overall responsibility as well as overall control, the full costing model, proposed itinerary, risk analysis and other relevant aspects of the project.

Phase IV – The "Post Event" phase

- 25.14 Key aspects will be a full analysis of all facets of the project, and in particular should include a feedback form from each delegate.
- 25.15 Financial accounts should be prepared and, as far as is possible, these should be accompanied by independent examiners' (auditors) certification. Major projects could have turnovers of significant sums of money, and organisers must be fully aware of their responsibilities with regard to accountability for such large sums of money.
- 25.16 Ambitious projects involving 30 or more people can soon get into financial scenarios in excess of £50,000. A 5% negative variance in income can give rise to a significant sum of money to be found, and detailed analysis of the reasons for this (as well as any surpluses) will lead to improvements in the budgetary process.

26 SPONSORSHIP

- 26.1 Any Sponsorship in the form of cash or kind should be registered with the Executive Director and Clerk to Governors.
- 26.2 The management of cash received for specific projects will be the responsibility of the Director of Finance and Corporate Services.
- 26.3 A separate nominal code will be set up on the Finance System and all funds for that specific project will be managed within that nominal code.

27 BEST VALUE STATEMENT

The Governors of New Charter Cacademy embrace the principle that we should be delivering best possible value for money.

In order to follow the principles of best value we use the following process:

27.1 We use the Academy Development Plan as a programme which aims for continual improvement. The formation of the plan includes the following aspects;

- a summary of objectives and strategy for the future
- targets timelined on an annual and longer term basis
- the means by which performance targets will be achieved
- reports on progress

27.2 The 3-Year Academy Development Plan is reviewed yearly on a rolling basis and performance scrutinised by governors.

27.3 We have a framework of performance indicators and targets which provide a clear practical expression of the Academy's performance, as a part of our performance monitoring process.

27.4 We support the concept of competition as a means of securing efficient and effective service.

27.5 We look at how and why we are providing a service, including consideration of alternative providers.

27.6 We compare our performance against other academies and schools, locally and nationally.

27.7 We consult stakeholders as necessary.

27.8 We use our Academy Review to ensure that all aspects of each academy are functioning at a high level at all times. The Review includes questionnaires to staff, students, governors and parents.

27.9 **The Four Principles of Best Value should always be applied:**

- **Challenge.** Are we giving people what they want and could anyone else do it better?
- **Consult.** Are we giving the community what it wants?
- **Compare.** Compare the value that we are giving with that given by other schools and academies.
- **Compete.** Could anyone else do what we do at a better price? We always ensure that the goods or services purchased enable the Academy to compete with others.

New Charter Academy

FINANCE MANUAL

To: All Governors, Senior Staff and All Budget Holders

From: Graeme E Craik

NEW FINANCE MANUAL 2008-09

Please find enclosed the new version of the Finance Manual.

In accordance with DCSF directives, please read the manual and complete the slip below. This should be returned to the Finance Manager by 31 October 2008. A nil return is required.

To: Finance Manager

NEW FINANCE MANUAL 2008-09

I have received and read the Finance Manual for 2008-09 and I understand the details therein.

Signed:

Name:

Date: