



The Dominic Barberi Multi Academy Company Finance Manual

We believe in

- † The search for excellence as an integral part of the spiritual quest
- † The uniqueness of the individual made in God's image and loved by Him
- † The education of the whole person based on the belief that the human and divine are inseparable
- † The education of all with the particular duty to care for the poor and disadvantaged
- † Moral principles put into practice within a Christian community

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1. Introduction

The purpose of this manual is to ensure that the Dominic Barberi Multi Academy Company (DBMAC) and each of its schools establishes and maintains effective systems of financial management, control and reporting. It is aimed at Directors, Finance Staff and administrators, Academy Principals and Local Academy representatives involved with the schools finances.

It is essential that all financial systems and processes operate effectively to meet the requirements of DBMAC's funding agreement with the DfE, and to ensure that we comply with the requirements of proper Company and Charity accounting and the Academies Financial Handbook 2018.

This manual provides information about financial and accounting procedures as well as governance and should be followed by all staff working with financial systems in DBMAC. It is not intended to be exhaustive, and, in the event of a situation arising that is not covered, please refer in the first instance to the DBMAC Central Finance Team.

A Glossary of terms and abbreviations used in this handbook is included at Appendix 1.

Training sessions will be held as necessary to ensure that all staff involved with financial systems and controls are familiar with the handbook and procedures, and can operate the systems and procedures properly.

This Handbook is confidential to DBMAC and should not be passed to third parties without the consent of the DBMAC Chief Finance & Operating Officer (CFBO.)

All queries regarding this document should be referred to the CFBO.

2. Organisation Structure

The various DBMAC bodies are described below. The information below should be read in conjunction with the summary Scheme of Delegation. All officers and staff of the company are expected to act in the best interests of the company and within the letter and spirit of the law.

2.1. Dominic Barberi Multi Academy Company (DBMAC)

DBMAC has been created to, maintain and manage Roman Catholic academies schools in the United Kingdom. DBMAC is a charitable company limited by guarantee and as such has legal and financial obligations to discharge beyond those of individual schools. Academy Trusts are exempt charities.

The term DBMAC applies to the entire network of schools which are all part of one legal entity, DBMAC. It is therefore the responsibility of the Board of Directors (The Board) of DBMAC to set the overall financial framework, giving consideration to the regulations set down by the Department for Education (DfE) and Education and Skills Funding Agency (ESFA). As well as being a legal requirement this also allows transparency, comparability and benchmarking between schools.

The responsibilities of the Directors are prescribed in the Articles of DBMAC, the Funding Agreement between the DBMAC and the DfE and in the Academies Financial Handbook.

Each school will have a Local Academy Committee (LAC), the role of which is summarised **in the DBMAC Governors' handbook (TBI) as follows;**

- **Recommend vision, ethos and strategic direction for their school within the overall DBMAC strategy and local context**
- **Hold the Principal to account for the educational and financial performance of the school**
- **Ensure money is well spent.**

The terms of reference of the Local Academy Committees are set out **in the DBMAC Governors handbook.** Local Academy Committees are sub committees of the Board of Directors.

The Directors are the directors of the DBMAC and are appointed to provide a balance of skills and experience. They are legally responsible for the performance of the Trust and all its schools.

The Board of Directors must understand their statutory duties as company directors as set out in the Companies Act 2006. These comprise the duties to:

- Act within their powers

- Promote the success of the company
- Exercise independent judgement
- Exercise reasonable care, skill and diligence
- Avoid conflict of interest
- Not to accept benefits from third parties
- Declare interest in proposed transactions of arrangements

The Directors will manage their lives in accordance with the high standards detailed in the Seven Principles of Public Life. As Directors of a company that spends Government money the Directors will also adhere to the Cabinet Office Guidance on Codes of Practise for Board members of Public Bodies. Requirements for a meeting of Directors to be quorate are described in paragraph 117 of the Memorandum and articles of association of the Company.

2.2. DBMAC Finance and Audit Committee

DBMAC operates a Finance and Audit Committee which is also a subcommittee of the Board of Directors. They meet based on the necessary cycle of business, but typically at least 3 times a year.

The Finance and Audit Committee has access to all Trust documentation, and can meet the internal and external auditors without any employees present. It is responsible for overseeing financial controls and processes, production of the statutory annual accounts and for the external audit process. The committee reviews Internal Audit reports and makes recommendations to the Board concerning the appointment of internal and external auditors. The subcommittee provides an annual report to the Board concerning its work and any issues identified.

2.3. Schools' Local Academy Committees

The makeup of Local Academy Committees (LAC) is described in the full scheme of delegation for each school. Academy Foundation Representatives are appointed by the Diocesan Bishop, Academy Staff representatives are appointed by election from the staff at the school and parent representatives by election by parents of registered pupils. The Board of Directors also has the right to appoint additional LAC representatives. Local Governing Bodies must meet at least three times a year. No business can be conducted unless a quorum is present.

The Local Academy Committees' responsibilities cover the full range of the school's activities - however finance matters will be a standing agenda item (along with areas such as education and safeguarding). The Directors have overall responsibility for the administration of the school's finances, but look to the LAC to support the Principal and Business Manager/School Administrator who have operational responsibility.

Local representatives may not receive any form of direct or indirect payment for their work as a representative, other than payment of reasonable out-of-

pocket travel or other expenses properly incurred in their capacity as a representative.

No Governor may hold an interest in property belonging to the academy, nor may any governor receive benefit either directly or indirectly in respect of any contract to which the school or DBMAC is a party. Schools must maintain a register of Personal and Business interests and it must be updated at least annually, or whenever an individual's circumstances change. Please refer to DBMAC Policy – Register of Personal and Business Interests TBD.

At the beginning of each Governing Body meeting, Governors must declare any personal interests relating to any items on the agenda. It will be for the Chair of Governors to decide how much involvement the Governor should have in the discussion leading up to any decision. Chairs may wish to consider requesting the complete withdrawal of the Governor from the discussion, allowing the Governor to remain and hear the discussion or allowing the Governor to remain and join the discussion

However, in all cases, Governors who declare an interest must be excluded from the final decision making processes.

The attention of governors is drawn to Section 2.10 of this Manual and section 3.2 of the Academies Finance Handbook “Trading with Related Parties”.

2.4 Internal audit

Internal Auditors (IA) are appointed by the DBMAC to provide an independent oversight of the schools' financial affairs. The IA will be an independent auditor. The duties of the IA are to assure DBMAC that financial systems and procedures are being properly followed, and remain fit for purpose.

The IA will undertake an agreed programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by this Finance Handbook. A report of the findings from each visit will be presented to the school and the DBMAC Audit Committee. The intention is that, in conjunction with the CFBO, the school will implement any recommendations made by the IA unless it can be demonstrated that to do so would not be appropriate or practical.

2.5. The Principal

The Principal (also called “Head teacher”) has overall executive responsibility for the schools' activities within the framework of the agreed annual School Improvement Plan and budget, and longer-term strategic plans. The Principal may delegate much of the financial responsibility to School Administrators/Business Managers except for:-

- Approving new staff appointments, except in the case of the appointment of Business Managers/Administrators (or equivalently named roles) the appointment can only occur after obtaining the agreement of the CFBO.
- Confirming levels of pay to individuals on the school's payroll for each academic year;

- Identifying expenditure priorities for the school;
- Authorising expenditure in line with Appendix 2 – Authorisation Levels in Schools. Ensuring that the funds available for the school are used for the purpose for which they are intended, namely the education of the children on the school roll and that no public monies or other charitable donations are used for the personal benefit of
 - the staff, governors or related parties associated with the school.
- Ensuring that the Accounting Officer for DBMAC can sign the Statement of Regularity, Propriety and Compliance with confidence in respect of the Principal's school

2.6. The DBMAC Accounting Officer

The DBMAC Accounting Officer has overall responsibility for the operation of DBMAC and all its schools. The Accounting Officer is responsible to DBMAC for the success of DBMAC and its schools.

The role of Accounting Officer includes specific responsibilities for financial matters. It includes a personal responsibility to parliament, and the the EFA's Accounting Officer, for the financial resources under the company's control. Accounting Officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- **Value for money-** this is about achieving the best possible educational outcomes, through the economic, efficient and effective use of resources. A key objective is to achieve value for money not only for the trust, but for tax payers generally. A full definition is available in Annex A of the 2016 Academies Financial Handbook.
- **Regularity-** dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and this manual and compliance with the trust's internal financial procedures – this includes spending public money for the purposes intended by parliament.
- **Propriety** – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of parliamentary control- this covers standards of conduct, behaviour and corporate governance.

The Accounting Officer may appoint others to assist in these responsibilities but cannot delegate their accountability. Whilst the Accounting Officer is accountable for the company's financial affairs, for keeping proper financial records, and for the management of opportunities and risks, the delivery of the company's detailed accounting processes will be delegated to the Chief Finance and Business Officer (CFBO) who will perform the role of Chief Financial Officer and management of support operations.

2.7. The DBMAC Chief Finance Officer (CFBO)

The DBMAC Chief Finance and Business Officer (CFBO) works closely with all the schools' Principals to ensure the financial health of each school, and thereby of DBMAC. She is supported in this role by the DBMAC central finance team and the School Administrators (or equivalently named posts).

Each school will have designated Business Manager (BM) or equivalently termed role that is responsible for leading the school's finance team.

The CFBO is responsible for ensuring the overall financial health of each school, and also for ensuring that they are operated in an efficient and effective manner. The CFBO is accountable to the Board of Directors and the Accounting Officer. The CFBO serves as the Chief Finance Officer (CFO, the equivalent term used by the DfE) for DBMAC.

The CFBO will lead on all school finance policies and procedures, finance systems and structure, finance strategies and all central DBMAC services. Whilst all school staff ultimately report into the Principal, the CFBO will play a key role in the performance, motivation and professional development of all finance staff within DBMAC, whether central or in schools.

The CFBO will ensure all DBMAC statutory obligations (for example, year-end accounts) are discharged on time and to the appropriate standard. Schools will provide accurate information to the CFBO to agreed timelines in order for the CFBO to submit returns on time.

The CFBO is also responsible for:

- Day to day management of financial issues including the establishment an operation of a suitable accounting system;
- Management and development of the DBMAC finance team to ensure that it is fit for purpose
- Management of DBMAC's finance position at strategic and operational level
- Maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly prepared and supported by the underlying books and records of the DBMAC
- Preparation of monthly management accounts supported by the finance team.
- Submitting grant applications and reports to the relevant bodies

2.8. The Business Manager/Primary Administrator

Each school will have a School Administrator/Business Manager (BM) or equivalently termed role that is responsible for many aspects of the administration of the school and in particular working with DBMAC central finance team. The BM has a joint reporting line to both the Principal and the DBMAC Finance Director. The BM reports to the CFBO for functional and DBMAC purposes, and to the Principal for all school matters. As such, the recruitment and appointment to these posts should be agreed upon by both the Principal and the CFBO.

The main Finance responsibilities of the School Administrator are:

- The day-to-day management of financial matters of the school including the operation of the accounting systems and asset registers;
- The management of the school's financial resources at an operational level within the framework of financial controls determined by DBMAC in conjunction with the CFBO, and under the guidance of the Principal and LAC. They will be supported in this by the DBMAC central finance team;
- To maintain effective systems of internal control;
- To ensure that the financial information consolidated into the DBMAC accounts is adequately supported by the underlying books and records within the school;
- To ensure that data for all financial and administrative returns for DfE/EFA is provided to the CFBO accurately and to agreed timescales;
- To ensure that the necessary information for other statutory returns is provided promptly and accurately to the CFBO;
- To ensure that the Governors and staff of the school including the Principal comply in full with the requirements of regularity, propriety and compliance as set out in Appendix 3 (Nolan report- Principles of Ethical Standards in Public Life).

2.9. Other Staff

All staff members are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficient use of resources and for compliance with the schools' financial procedures.

No-one involved in spending public money may benefit directly or indirectly from the decisions that they make or from the use of school assets that are under their control.

2.10. Register of Interests & Related Party Relationships

The DBMAC maintains a register of interests to record relevant business and pecuniary interests of members, directors, local academy representatives and senior employees. The register is updated on appointment and a minimum of annually thereafter. This is the responsibility of the CFBO for members and directors and of School Administrators/Business Managers for local academy representatives and senior employees.

The School Administrator/Business Manager will maintain a register of interests to ensure that all school staff and Governors are aware of any potential conflicts of interest when awarding contracts or making other financial decisions.

The register must include:

- business interests such as directorships, partnerships and employments or consultancy with businesses;

- trusteeships and governorships at other educational institutions and charities
- For each interest the name of the business, the nature of the business, the nature of the interest and the date the interest began

The register must also identify any material interests arising from close family relationships. Further guidance and definitions are available in section 3.3.16 of the 2018 Academies Financial Handbook.

The existence of the register does not affect the duty of governors and staff to declare interests whenever they are relevant to matters being discussed by the DBMAC Board, the Local Academy Committee, or any other working group within the school. Where an interest has been declared it will be for the Chair of the relevant body to decide how much involvement the individual should have in any discussion leading up to any decision. Chairs may wish to consider

- requesting the complete withdrawal of the Individual from the discussion, allowing the Individual to remain and hear the discussion
- allowing the Individual to remain and join the discussion

However, in all cases, Individuals who declare an interest must be excluded from the final decision making processes.

Any supplies of goods or services by related parties e.g. member; director, relative of member or director or organisation controlled by member or director is regulated by the at cost requirements. A full definition of connected parties and the regulations around them is in section 3.10 of the Academies Financial Handbook 2018. Any potential supply by a related party should be advised to the CFBO and Accounting Officer so that advice may be given on the application of the Related parties requirements. All related party transactions must be reported to the ESFA in advance of the transaction taking place from 1 April 2019.

2.11. Gifts and Hospitality

All gifts and hospitality (above a minimum monetary amount of £25 received by Directors, DBMAC employees, Principals, Governors and staff of DBMAC Schools should be declared and recorded to the Company Secretary. This minimises the risk of anybody being compromised by expectations of reciprocal benefits.

The Principal or BM should be consulted before any gifts or hospitality above £25 are accepted. The Business Manager should record any receipt of gifts or hospitality into the Register of Gifts and Hospitality. Further guidance is available in the DBMAC gifts and hospitality policy

No gifts can be given to staff or third parties that are funded by public monies. Gifts can be funded from unrestricted funds but only if they are proportionate in value and **not considered novel or contentious.** **No alcohol may be purchased** for the purposes of gifts or hospitality from DBMAC funds.

3. Strategic and Financial Planning

The school must produce a School Improvement Plan (SIP). The SIP indicates how the school's educational and other objectives are going to be delivered within the expected level of resources over the next year. The SIP must be approved by the Accounting Officer.

The school must prepare both short-term and medium-term financial plans consistent with the School Development Plan.

The School Improvement Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year in pursuit of the plan. The timetable for budget preparation will be established by the CFBO, to ensure it can be submitted on time to the DfE as per its timeline.

3.1. Reserves Policy

DBMAC will hold reserves to ensure the long term financial sustainability of the Trust and the schools within it. The purpose of reserves is to ensure that schools and DBMAC can;

- operate efficiently and without interruption
- meet all their financial obligations as they fall due maintain an adequate contingency for emergencies

Each school will make a contribution to these DBMAC reserves as determined by DBMAC Trustee policy. These minimum reserves will be managed by the Trust and would be used to support schools during periods of financial challenge (eg unplanned adverse events, significant challenges with pupil numbers and other factors). These DBMAC minimum reserves can only be used with approval from Directors. The level of the contribution would be determined by an assessment by the Directors of the needs of the whole trust over a 10 year planning period.

In addition to this, schools should manage their finances so that they accumulate reserves to ensure that over a 5 year period they do not require support from the rest of DBMAC and can seek DBMAC approval to hold specific reserves for specific purposes (e.g. specific school-related developments).

For the purpose of this policy all reserves are included with the exception of;

- Any Designated reserves (either Restricted or Unrestricted) which have been approved by the Directors
- The Fixed Asset Reserves and Pension Reserves (being any deficits in relation to FRS17 pension costs).

The Trust plans to meet any contributions towards pension deficits from operational income received each year

3.2. Annual Budget Process

The Principal and the central finance team are responsible for school financial planning. This means the preparation of and obtaining approval for the annual budget in accordance with budget preparation instructions issued by the CFBO. As a matter of course the Principal and finance team will wish to engage the Senior Leadership Team and the Local Academy Committee in the budget making process.

In order to provide assurance to DBMAC it is important that there is close liaison between the School and the CFBO in the preparation of the Annual As a matter of principle schools must plan for a balanced budget having taken into consideration the maintenance of an appropriate level of reserves as set out in the reserve policy at 3.1 above. Schools planning a deficit budget must contact the FBO as a matter of urgency.

The School will advise the CFBO of its expected level of grant funding for the year, based on student numbers. It will also provide information on staffing and non-staffing expenditure budgets for the coming year.

Draft Budget Timetable

March	CFBO issues instructions to schools on the annual budget process, with any assumptions that should apply across all schools in DBMAC. EFA issues final funding allocations covering pre/post 16 provision.
March	Schools consider the first drafts of their budgets
April / May	Schools discuss budgets with DBMAC central finance team CFBO notifies schools of next year's central fee ("topslice")
By Summer half term	Schools submit budgets approved by local academy Committee
June/July	DBMAC directors consider and approved consolidated and schools budgets
July	DBMAC submits approved consolidated budget to EFA

All significant risks that may impact on the financial viability of the school will need to have been recorded and the financial impact considered and mitigated where possible (see 3.7 below). To that end, a detailed commentary will need to be provided with the budget submission.

3.3. Building the Budget

The School Improvement Plan objectives and the budgeted use of resources should be clearly linked. The DBMAC central finance team should work with relevant individuals or budget holders to ensure that the budget is consistent and reconcilable with the School Development Plan, under the direction of the Principal.

The budgetary planning process shall incorporate the following elements:

- Pupil numbers used to calculate the EFA grants receivable;
- Review of all other income sources to assess likely level of receipts;
- Review of past performance against budgets to make the income and cost base clear;
- Identification of potential efficiency savings and;
- Review of the main expenditure headings in the light of School Improvement Plan objectives and expected cost variations e.g. pay increases and inflation.

It is important that any new projects proposed are robustly challenged and costed to ensure that they are the most appropriate course of action and represent value for money.

An analysis of estimated income and expenditure will identify any potential surplus or shortfall, taking into account the expected reserves position. If shortfalls are identified, opportunities to increase income should be explored and expenditure categories reviewed for areas where savings can be made. This may require projects to be deferred until funding is available.

Reserves should be built up in accordance with the Reserves policy as agreed by Directors.

3.4. Medium Term Financial Planning

DBMAC requires Schools to create a Medium Term Financial Plan (MTFP). This financial plan will look at the schools expectations for income and expenditure over the coming 5 year period. The MTFP should be updated annually, adjusting the expectations in the light of new information on Pupil Numbers and longer term school improvement and development aspirations

The DBMAC Finance Team will use budget planning tools as determined by the CFBO to prepare five year MTFPs. These plans will assist the MAC in monitoring longer term cashflow and identifying potential future budget deficits and funding shortfalls. This longer term financial approach will give schools time to take appropriate early mitigating action (if required) to secure the school's future. . DBMAC requires schools to submit their MTFPs at the same time as their future year budget plan for consideration by the Board of Directors.

3.5. Communicating the Budget

Each element of the budget should be the responsibility of a named Budget Holder who manages the financial flows in the best interests of the school.

The budget should be accompanied by a statement of assumptions and a hierarchy of priorities so that if circumstances change, it is clear to all concerned what remedial action must be taken to secure the schools finances. During the year the DBMAC finance team will produce forecasts to project the expected outturn for the year as accurately as possible. All schools will be expected to deliver to the budget approved by the Directors.

3.6. Risk Management

An essential part of financial planning is a comprehensive review of the risks faced by the school. This review should cover all risks, not merely financial risks, as non-financial risks can still have financial consequences.

The Business Manager/Administrator should maintain a detailed risk register, which forms a subset of the overall DBMAC risk register. Risk Registers will be updated annually, and will help inform and shape the School Improvement Plan and the annual budget. Ownership of the overall DBMAC risk register, and the mitigating actions, is the responsibility of the CFBO Reference DBMAC Policy - Risk Management.

3.7. Monitoring and Review

Monthly financial reports for each school at school level will be prepared by the DBMAC finance team and distributed in accordance with the annual month end timetable issued by the CFBO. The reports will be available no later than 10 working days after the end of the calendar month.

The monthly report to the Board will generally take the following format:

- Income and expenditure, actual against budget, for the month and year to date;
- Updated forecast of the expected outturn for the full academic year.
- A brief narrative with explanation of any deviations, or anticipated future deviations from budget of income and staffing costs and deviations of more than 10% for other costs
- An update on significant capital projects in progress (in excess of £50,000); including expenditure to budget
- A summary of the cash position and a rolling cash flow forecast for the year.

Monthly reports should be reviewed by the Principal and the DBMAC CFBO. Corrective measures should be taken to ensure that the authorised budget is not exceeded.

Budget holders will receive monthly reports showing actual against budget for the month and year to date.

4.0 Accounting System

DBMAC procures and is responsible for providing and maintaining the accounting system for each school. This ensures consistency of reporting across DBMAC. The school is responsible for maintaining local access to the system and provision and maintenance of the school based hardware. All financial transactions must be recorded accurately on the accounting system.

The nominal ledger coding structure used by all schools will be set by the CFBO, to ensure ease of consolidation and consistency of reporting. This will be done after taking into account the requirements of individual schools as much as possible without jeopardising the overall desire for consistency.

There will be a clear audit trail for all financial transactions from the original documentation to the accounting records. Finance records will be stored for 6 years after year end with the exception of insurance records which must be retained. Only authorised staff will be permitted access to the accounting records which will be securely retained when not in use.

The Primary administration Managers/DBMAC Finance Officers will input:

- Bank transactions
- Credit card transactions
- Purchase orders
- Purchase invoices and
- Sales invoices

It is the responsibility of these staff to ensure that transactions are input on timely and accurate basis, and to ensure that all required financial checks, such as reconciliations and payroll submissions, are carried out on a timely basis by appropriate personnel.

The Financial Controller will ensure that reconciliations are performed each month for:

- Bank account
- Sales ledger control account
- Purchase ledger control account
- Payroll control accounts to include salaries, pensions, PAYE/NI and expenses
- VAT control account
- Credit card control account
- Accrued and deferred income
- Accruals and Prepayments

Accounting policies are set by DBMAC

The main policies are:

- A capitalisation threshold of £5,000;

The finance team will record all capital purchases using the capital purchases account codes in the range of 8000 in order to keep these costs separate from operating expenses.

- Assets in the course of construction funded by DfE grants are capitalised at cost. These assets are not depreciated until they are brought into use.
- Tangible fixed assets transferred into DBMAC for no consideration are reflected on the Statement of Financial Activity in the year of transfer and as fixed assets in the Balance Sheet. These assets should be independently valued and included in the statements at depreciated replacement cost and then depreciated according to the Group policies above.

Depreciation will be calculated annually by the central DBMAC Finance team using the rates set out below on a straight line basis:

- Long-term leasehold property: Buildings over a period of 30-45 years from conversion or expected remaining useful economic life whichever is the shorter
- Leasehold improvements: 10-30 years
- Motor vehicles: 5 years
- Fixtures, fittings and equipment 5 years
- ICT equipment 3 years

The format of accounts must comply with the most recent DfE guidance, Companies Act 2006 and Charities SORP 2005. All schedules show the aggregated DBMAC position but the notes to the accounts contain some school specific information.

4.1. System Access

Authorisation and supervisory controls will ensure that transactions are properly recorded or that errors are identified. All records will be protected against unauthorised modifications, destruction, disclosure or loss, whether by accident or intention. The CFBO is responsible for ensuring that the access levels are appropriate for all members of staff using the system. Access rights within PSF are defined for each user with an unique ID and password.

4.2. Back-up Procedures

The CFBO is responsible for ensuring that there are effective back up procedures for the system.

The finance system is hosted on the cloud by the software supplier PS Financials.

Access to the cloud and PS Financials accounting system is password restricted and the DBMAC Finance team is responsible for implementing a system which ensures that passwords are changed at regular intervals.

The CFBO should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data (See DBMAC Policy: Business Continuity).

4.3. Transaction Processing

All entries in the accounting system must be authorised in accordance with the Authorisation Levels shown at Appendix 2. Guideline procedures for running the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

Journal entries should only be used to recode entries that have been posted to the wrong nominal code or cost centre, posting the payroll journal, accruals and prepayments or recording year-end transactions. Journals must be documented on a journal form (DBMAC Finance does not specify a format). These forms should be filed for future reference and possible audit inspection. The CFBO will review journals as part of the month end processes to ensure that all journal entries are appropriate.

4.4. Transaction Reports

The Primary bursar and other delegated staff will review system reports at least monthly to ensure that only valid transactions are posted to the accounting system. The reviewed reports will include:

- Management accounts summarising expenditure and income against budget at budget holder level.
- Aged debtor and creditor reports.
- Outstanding purchase orders

4.5. Reconciliations

The Financial Controller will ensure 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 accounts including salaries, pensions, expenses, PAYE and NIC;
- VAT control account;
- All suspense accounts
- Bank account
- Accrued and deferred income
- Prepayments and Accruals
- Procurement cards

Any unusual or long outstanding reconciling items must be identified and reviewed. Cheques not cashed after six months should be written back and reissued if appropriate. All reconciliations must be signed and dated and reviewed and counter signed at the appropriate levels.

The CFBO will review all control accounts and check that they are being properly reconciled every month

5. Records Management

The school will manage all records efficiently, complying with legal & regulatory obligations, and thereby contribute to the effective management of the school. This will be done within the context of the Freedom of Information Act and Data Protection Act 1998. Maintenance of records and record-keeping systems will be in accordance with the regulatory environment.

Records are defined as all documents created, maintained and received by the school to facilitate its operation.

Hard copy and electronic financial records will be retained as evidence of transactions or activities. Records should be retained for at least the current year plus 6 preceding financial years.

All records created, received or maintained by staff of the school in the course of carrying out their functions will be covered by the DBMAC Retaining Records Policy.TBI

6. Staffing and Payroll

The policies set out in the Model Pay Policy and the St Gregory the Great Staff Handbook are adopted for the DBMAC, for example pay, overtime, absence and expenses.

6.1. Staff Appointments, Changes and Resignations

The Directors have the authority to appoint staff who work across the DBMAC, for example in the Central finance team.

Within each school the Principal has the responsibility to co-ordinate the Performance Appraisal and pay structure for the school in line with the DBMAC Pay Policy and recommend this for approval to the Local Academy Committee. Reference should be made to standard job descriptions and grading where applicable.

The Local Academy Committee performance manage the Principal of their school with support of an external advisor appointed by directors and recommend any performance related pay for approval by the Board of Directors.

The Principal has authority to appoint staff except for the Vice Principal which must involve the Local Academy Committee as outlined in the summary scheme of delegation matrix. The Principal may delegate his/her authority to appoint staff to members of the school's SLT. The Principal is expected to involve the Local Academy Committee in recruitment as outlined in the summary scheme of delegation matrix.

Staff must only be recruited / appointed in accordance with the numbers approved in the budget during the budget setting process. All personnel changes must be notified promptly in writing to the BM / administrator. Any changes to pay which are outside the budget for staff pay must be referred to the Board for approval.

Any staff severance payments need to be approved by the CFBO, who may need to seek the approval of the Secretary of State for larger severance payments in accordance with the latest EFA advice.

6.2. Payroll Administration

The Payroll budget is the largest element of expenditure from the schools budget and therefore needs to be effectively managed. A school cannot afford to have an inefficient payroll process, as this can cause huge difficulties to staff and great animosity. Schools should ensure that payroll details are kept accurately, confidentially and securely.

DBMAC has a single outsourced payroll contract for all of its schools. All payroll and expenses transactions relating to DBMAC staff permanent or casual will be processed through the payroll system. Payments for employment and expenses will not be made to staff through any other mechanism.

The following section sets out how the DBMAC expects schools to implement payroll administration to help them deliver efficient, timely and accurate payments to staff within the regularity framework required by the Board of Directors.

6.3 Guidelines for the payment of Staff

All staff members are paid monthly.

- All HR and Payroll information required by the school and Payroll Provider must be provided in a timely, accurate and complete manner, observing any prescribed timetables.
- The school must maintain a personnel file for each employee which will include the following information. This will be held by the HR Officer for St Gregory the Great and central staff or the Principals at the Primary academies. All personnel files must be stored in a lockable cabinet. Only the Principals and CFBO, have full access to files.
 - Salary;
 - Pension details;
 - Bank account details
 - Taxation
 - status;
 - Personal details;
 - Safeguarding and right to work information and
 - Any deductions or allowances payable.

All changes in Personnel must be notified in writing to the relevant staff with responsibility for HR and Payroll. Staff changes will include;

- Appointment
- Absence
- Termination of staff employment either by way of resignation or dismissal
- Any changes in Staff Terms and Conditions, FTE, Grade, and any other changes that may impact on pay
- Overtime, hourly paid staff hours, cover supplements and additional irregular emoluments

The relevant staff with responsibility for HR and Payroll will ensure that they have all the necessary paperwork from the employee, the principal / SLT member in the required format and notify the payroll provider of all changes impacting on the payment of staff via the portal.

Copies of overtime claims and expense claims (variations) should be retained and filed. Where an employee's grade, hours or salary have been changed a copy of the amendment should be printed for checking by the Principal who should sign as evidence they have checked the amendment.

Schools should make a summary of all the amendments made to payroll to enable efficient checking of input.

6.4 Payment of Staff - checking

When the payroll has been processed but before payments have been authorised the payroll must be checked by the school administrator (SGG finance & payroll officer).

When the draft payroll costings have been published the administrator should check that all the changes advised to the payroll provider have been actioned e.g. joiners, leavers, amendments to hours or grades, overtime/casual claims, expense claims. A copy of the check should be retained on file for audit purposes. This is most easily done by looking at the draft payslips although other reports are available. Particular attention must be made to ensure all leavers have been terminated. Any issues noted should be advised to the payroll provider for correction. The administrator should also run the draft comparison to previous month report with 5% sensitivity and identify the reason for any significant changes to gross pay. Any variances that cannot be explained should be raised with the payroll provider before the checking cut-off date.

Once the payroll provider has made any required amendments they will notify the school administrator by e-mail and run revised costings reports.

The administrator should then re-run the comparison to previous month's pay and annotate with the explanations for significant variances. The Principal should review this and the total for the payroll cost for the month and then authorise the payroll electronically.

This must be done in accordance to the published schedule so that the BACS transfers can be actioned in time for the end of the month.

In the event of illness etc preventing the Principal from authorising the Payroll provider and the Chief Finance and Business Officer must be advised immediately so that back up procedures can be used. If the Principal does not electronically authorise the payroll they will be required to retrospectively sign a copy of the payroll costings report.

The Payroll provider will be contracted to;

- Process the monthly payroll
- Issue relevant timely and accurate payroll reports
- Pay the payroll
- Produce payslips for all members of staff.

- Produce an annual summary of all payments made to staff

Payroll payments are made with the appropriate level of authorisation as set out in

Appendix 2 of this Handbook.

6.5. Payments

All salary payments are made by BACS on the last working day of the month. The payroll system calculates the deductions due from payroll for tax, National Insurance contributions, pension contributions and other reasons, such as childcare vouchers. The payroll provider will arrange payment of the monthly PAYE/NI, Teachers Pension Scheme and Local Government Pension Scheme contributions.

6.6. Reports

The CFBO will ensure that the monthly reports for Pension (TPS, LGPS) and Union payments are sent to the appropriate institution.

The CFBO will ensure that all returns (e.g. PAYE and yearly pension reports) are provided within the appropriate timeframes, either by the payroll provider or the school.

6.7. Accounting Entries

The payroll provider will provide the data to construct a monthly payroll journal which should be prepared by the Financial Controller and posted to the nominal ledger via the cash book. A payroll control account should be used and the Financial Controller should review the account as part of the month end close to ensure that there are no unallocated balances.

7. Expenditure and Procurement

The trust 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 their 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 School
- **Accountability:** the School is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the School are dealt with on a fair and equitable basis.

Checks should be made with the CFBO before initiating procurement of significant items above £50,000 to see if there is scope for more efficient purchasing at DBMAC level. From time to time the CFBO will initiate central procurement of significant items or contracts in consultation with schools.

DBMAC and schools **must** ensure that all purchases are made through the appropriate Purchase Order Systems in PS Financials. The only exceptions are:

- Utilities
- Rent in accordance with a contract
- Fixed price operating lease contracts
- Services which are covered by a centrally procured contract – eg print and copy and catering
- Insurance
- Agency Staff
- Payment for pension deficits
- Taxis and theatre tickets
- Invoices based upon a percentage of an unknown item e.g. School coms % fee for income collected
- Situations where life, property or essential data are at urgent risk if immediate action is not taken – e.g. burst water pipe, leak in roof. In these cases the reason must be documented and attached to the invoice.

The Board of trustees has instructed the finance team not to pay invoices without purchase orders which are not covered by the above.

The following section sets out a number of good practice guidelines which DBMAC expects schools to implement to help them deliver effective procurement processes within the regularity framework required by the Board of Directors. These guidelines are not exhaustive and DBMAC recognises that the individual arrangements within each school will be different. As such DBMAC does not seek to prescribe the exact arrangements for procurement within each school.

Further more detailed guidance is set out in the Procurement Handbook.

7.1. Routine Purchasing Responsibilities

Members of staff complete a paper requisition form and pass to finance officer or other designated member of staff to raise a purchase order on the PSF accounting system.

Telephone/direct verbal ordering is not permitted except in situations where life/property are in immediate danger.

DBMAC finance team

- Maintains lists of budget holders, their budgets and authorised signatories
- Informs Budget Holders of their approved budgets before the start of the new Academic Year
- Provides monitoring information to budget holders
- Maintains the Purchase Order, Goods Receipting and Invoice Payment systems on PS Financials
- off Instigates payments to Suppliers ensuring that they are not made before the due date and are driven directly from PS Financials
- Reviews monthly aged creditor reports

School Business Manager/Administrator/Finance Officer

- Raises purchase orders for all orders using PSF
- Dates stamps invoices on receipt
- Checks invoices prior to payment to ensure that they are to the correct company name and that they are arithmetically correct
- Posts invoices to purchase ledger
- that Goods have been received that prices are correct
- that the Invoice is authorised for payment according to the authorities set out in Appendix 2
- Runs a monthly aged creditor analysis, reviews and signs as part of month end processes

Budget Holder

- Seeks quotations for all expenditure in line with the limits outlined in the finance manual
- Checks that there is sufficient budget available before placing orders
- Makes appropriate arrangements for delivery of ordered goods

- Checks that goods are received in accordance with the order (identifying discrepancies in quantity and quality)
- Notifies the Administrator/Finance Officer of goods returned to the supplier
- Passes Invoices (and credit notes) promptly to the Administrator/Finance Officer for processing
- Informs the Administrator/Finance Officer if there are any disputes with Suppliers

7.2. Orders up to £51,000 within budget

- ~~For Orders up to a value of £51,000 no quotes are required however an assessment of value for money should be made and evidence attached to requisition~~ can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:

- supplier chosen from the list of approved suppliers maintained by Central Services
- bulk purchasing of common consumables
- negotiating discounts
- taking advantage of sale seasons
- obtaining alternative quotations wherever possible

Schools can purchase goods and services within the approved budget. DBMAC strives to achieve the best value for money from all purchases at all times. This means purchases need to be in the optimum quantity, of the right quality, within the appropriate timeframe and at the best price possible. Purchases should follow the general principles of probity, accountability and fairness as outlined above:

Probity: it must be clear that there is no private gain in the schools'

contractual relationships;

Accountability: the school is accountable for its expenditure and the conduct of its

affairs;

Fairness: all those dealt with by the school are dealt with on a fair and

equitable basis.

7.3. Orders over £5,000 but less than £50,000 within budget

Where appropriate, at least three written quotations should be obtained for all orders between £5,000 and £50,000. Written confirmation direct from the supplier of oral quotes must be obtained before a purchase commitment is made. Confirmations by email and/or fax are acceptable. Budget Holders should retain quote details for audit purposes.

7.4. Orders over £50,000 but less than the EU threshold within budget

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, will be subject to formal written tenders.

All goods/services requiring formal written tenders should be considered for retendering at least every 3 years and no later than every 5 years.

Purchases over EU 200,000 (£181,302) for public supply and service contracts) in value may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Procedures and guidelines are available from the OJEU or contact the DBMAC for support.

7.5. Orders above EU threshold (approximately £181,000)

Purchases over EU 209,000 (£181,302) for public supply and service contracts) in value may fall under EU procurement rules which require advertising in the Official Journal of the European Union. The Works contract threshold is now EU 5,225,000 (£4,551,413) Procedures and guidelines are available from the OJEU or contact the DBMAC central finance team for support.

7.6. Consortium purchasing arrangements

DBMAC recognises that schools may already be part of larger consortium purchasing arrangements. DBMAC accepts that these arrangements have been put in place to create purchasing power from a larger client base and thus ensure that schools achieve better Value for Money. These arrangements also save budget holders time in making purchasing decisions.

7.7. Capital purchasing arrangements

Capital works or purchase of capital items of a capital nature above the capitalisation limits of £5,000 should be included in the capital budget.

Procurement of budgeted capital items should be made in accordance with sections 7.2 – 7.6 of the finance manual. The authorisation of capital orders and contracts should be as per the authorisation levels in Appendix 2.

For items above £181,000 the selection of the contractor should be approved by the Board of Directors. In the event of a decision being required when no Board meeting is scheduled, the Board may delegate the selection to a panel

of 3 directors which would normally include the Chair of Directors and/or the Chair of the Finance Committee.

In the event of contract amendments or the construction costs exceeding the original tender or quote the amendment/additional expenditure must be approved by the Chair of Directors or the Chair of the Finance Committee who should consult the principal of the school concerned.

8. Income

The main sources of income for the schools are:

- Grants from the EFA/DfE for general and specific purposes;
- Grants from other bodies e.g. Local Authorities for specific or general purposes; School Meal Income.
- Off-site trip income;
- Uniform or other sales
- Lettings income; and
- Bank interest.

Under the terms of the Education Act 1996, schools must have a policy on charging students to participate in school activities. Please refer to DBMAC - Charging and Remissions Policy TBD

By law, children may not be charged for activities that take place during the school day. Parents may be asked for voluntary contributions, but if they do not pay their child cannot be prevented from participating, should the activity go ahead. In any request for voluntary payments, it must be clear from the terms on which it is made that:

- there is no obligation to make any contribution; and
- students will not be treated differently according to whether or not their parents have made a contribution

8.1. EFA and LA Income

From September 2014, the main General Annual Grant (GAG) from the EFA will be paid in 12 equal monthly instalments to each school direct. Any grant from the LA (such as for Statemented pupils) will be paid directly from the LA to the school.

Notification of the level of grant is usually received around March in the year prior to the financial year in question. Some grants, such as the Devolved Formula Capital Grant and Pupil Premium, are based on financial years. Final allocations for Pupil Premium are not published until the summer; estimates may therefore be required to meet budgeting deadlines.

Most grants are determined by pupil numbers at the school as reported in the termly School Census. The Principal must ensure that the Census is

completed accurately and the Central finance team must check all pupil driven income to ensure that they properly reflect the Census submitted.

8.2. Off-Site Trips

Please refer to DBMAC Policy - Educational Visits Policy.TBI All trips and activities must be authorised by the Principal within each of the seven academies.

An appropriate person (the 'Educational Visits Co-ordinator' - EVC) must be appointed for each trip to collect the money from students/parents. The EVC should prepare a list of the students going on the trip and the amount collected from each. A copy of the list should be given to the School's Finance Office.

Students/parents should make payments to the school through the EVC who should forward the payment to the Finance Office (if not collected directly by the Finance Office). A receipt must be issued for each payment at the time of collection.

The Finance Office will keep a copy of each trip list showing amounts paid and outstanding. This record should be copied regularly to the EVC who will be responsible for pursuing outstanding amounts.

Any refunds/rebates for a particular trip must be notified to the School's Finance Team, so that the appropriate amount can be repaid to the relevant parent/student or used for the purpose specified when the money was collected.

The EVC must ensure that adequate records are maintained including parental permission for the child to go on the trip, and that these records are made available to Finance in a timely manner.

8.3. Lettings

The schools may from time to time let premises to other organisations, subject to such lettings not clashing with the timetabling of the school. Any letting of the schools' premises may be either commercially or community motivated, or both and in line with the ethos of the school.

All lettings must adhere to **DBMAC Policy - Lettings Policy.TBI**

New letting proposals must be approved by the Primary Administrator/Operations Manager and the Principal and are subject to contract, which must clearly outline the agreed letting fees, duration of the contract, any break-out clauses (as applicable) as well as any other terms and conditions. A financial analysis must be prepared showing the expected income and related costs.

Where possible the Primary Administrator/ Operations Manager may delegate the administration of school Lettings. This person will be responsible for

- maintaining booking records

- calculating the amounts of letting income due ensuring monies are received promptly
- passing information to the Primary Administrator/Finance team to ensure that income is posted to the Sales Ledger and that appropriate sales ledger invoices are produced

Where possible, lettings should be arranged to minimise overtime costs, for example, by scheduling two letting activities in different areas of the school at the same time. They should also avoid being scheduled at the same time as mainstream school activities

The Primary Administrator/Operations Manager will receive an aged debtor listing on a monthly basis as part of the month end close process, and take action as appropriate to recover any outstanding debt. The Primary Administrator/Operations Manager should sign and date the aged debtor report each month to confirm the review.

Note that for Corporation tax purposes the letting of space can become a chargeable activity if ancillary services such as the provision of catering are provided as part of the cost. In order to avoid this potential tax charge, it would be advisable to have third parties provide these services. For more information, contact the Central Finance team.

If the letting is for a significant period of time or value, then it may be appropriate to enter a formal lease. All leases will need to be reviewed by CFBO and may require approval from the Roman Catholic Diocese of Birmingham.

8.4. Cash Handling

All staff should be made aware of the reputational and financial risks associated with handling cash. Cash should only be collected by designated staff in administration or finance or a designated Educational Visits Co-ordinator. Wherever possible students and parents should be encouraged to pay using parent pay or cheques. Any cash received should be passed to the Finance Teams as soon as possible.

Sequentially numbered school receipts should be issued for all cash and cheques received where no other documentation exists. However, for very small amounts (e.g. less than £5 per pupil) the BM can make alternative arrangements to ensure a proper audit trail of the cash received is recorded.

Cash and cheques must be kept in the Finance Office safe until banked. Under no circumstances may cash be stored in a personal area.

Due to the inherent risk of keeping cash on the school premises all collected cash should be kept to a minimum by way of regular banking. Monies collected must be banked in their entirety on at least a weekly basis or more regularly if required. Schools may wish to consider taking out insurance to cover cash held on the premises. Schools may also wish to consider whether there is a need for a more formal cash collection contract with an appropriate supplier.

8.5. Bank Interest

The DBMAC will receive bank interest on all amounts held in interest bearing accounts. The ability to generate high levels of interest will however be limited.

The CFBO will seek to pool the surplus cash holdings of schools in order to maximise the interest received by the Trust. For example, the placing of school funds on deposit or other term accounts.

8.6. Debtors

The DBMAC will pursue outstanding debts in accordance with the following policy:

- If payment has not been received by 14 days after invoice is due a reminder letter/email will be sent;
- If payment is still not forthcoming after another 30 days (i.e. next month end) a second reminder will be sent with request to pay in 7 days;
- If a payment is still not received a third letter will be sent with a threat of legal action via the small claims court if payment is not received within 7 days
- If payment is still not received the matter will be reported to the appropriate directors committee to seek approval for legal recovery via the small claims court
- The current aged debtors report with commentary will be made available for meetings of the Finance Committee.

8.7. Debtor Recovery Code of Practice

- We do not use oppressive or obtrusive collection methods
- We do not act in a manner likely to embarrass the debtor
- Unless instructed otherwise by the debtor we do not discuss with or disclose to neighbours, relatives or employers a debtor's indebtedness
- We do not use improper means to obtain the telephone number or address of the debtor
- We do not falsely imply that criminal proceedings will be brought, not that civil action has been instituted in default of payment

8.8. Debt Write-offs

Debt write-offs may be approved for a variety of reasons. The most common reasons include:

- The likely cost of legal action exceeds the debt;
- The debtor cannot be traced;
- The debtor is unable to pay; or
- The debt represents the outstanding balance in cases of bankruptcy or insolvency.

Under the FNTI ALL debt write offs MUST be approved by the EFA.

~~Any write-off over the sum of £1,000 or more needs the written consent by the CFBO. Any write offs in excess of £45,000 will require the approval of the Secretary of State as outlined in the Academies Financial Handbook 2015.~~

Any suspected fraud or suspected theft must be reported to the CFBO. The CFBO will co-ordinate any investigation and reports to the police and the DfE

9. Cash Management

9.1. Bank Accounts

DBMAC will operate a single account. All cheques and BACS payments require two authorisations as a minimum

The bank mandate is coordinated by the CFBO and Chair of Directors. The bank holds the mandate document.

9.2. Deposits

Details of all deposits 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 sales invoice or receipt or the name of the debtor.

9.3. Payment Procedures

All signatories listed on the bank mandate must provide specimen signatures to the CFBO. This document is reviewed annually and updated any time a designated signatory changes.

This provision applies to all accounts operated by or on behalf of a school. Where payments are being made electronically via BACS or Bank Transfer, the online banking mechanism must allow for at least two levels of authorisation (e.g. inputter, first approver and second approver).

9.4. Administration

All cheques must be crossed "account payee only" and retained securely until used. Cheques must only be signed when full completed and supporting documentation provided. The pre-signing of cheques will result in disciplinary action.

The Financial Controller must ensure bank statements are received regularly uploaded from either Lloyds Link or in paper format and reconciled at least monthly as part of the month end procedures. Reconciliation procedures must ensure that:

All bank accounts are reconciled to the cash book;

Reconciliations if possible are prepared by the Finance team;

All reconciliations should be reviewed by the CFBO, dated and authorised;

Adjustments arising are dealt with promptly so that only timing differences remain.

9.5. Purchasing Cards (Charge cards)

Schools may wish to use purchasing cards to facilitate payments, for example when ordering over the internet or for payments whilst on school trips.

Schools may have a closely controlled card that are used by a specific individual, for example the Primary administrator. These cards will be authorised by the CFBO and managed centrally by DBMAC. A declaration will need to be signed by the Card Holder detailing how the card will be used. Only the designated Card Holder may use the card.

In all cases it is the responsibility of the Principal to ensure that access to and spending on the cards is controlled in an appropriate manner and in accordance with the agreement signed by the card holder with the card application.

Each month a card statement will be sent to the cardholder at the school address. The cardholder will prepare a monthly Purchasing Card summary form providing details of and reasons for the expenditure supported by the appropriate receipts and confirming that the expenditure was for the benefit of the school. This expenses form must reconcile to the Purchasing Card statement and be submitted to the Principal (SGG Management Accountant) for approval each month within two days of receipt. All expenses forms, receipts and statements will be reviewed on behalf of the CFBO by the Financial Controller/Management Accountant and any concerns documented and raised with the CFBO. The CFBO will take any further action required by finance procedures.

All purchasing card balances must be paid off in full by Direct Debit.

Any misuse of the card, for example its use for personal expenditure, will result in the expenditure being recovered from the cardholder and potentially the card being withdrawn, Significant abuse will result in disciplinary action.

For the avoidance of doubt, the holders of DBMAC purchasing cards may not under any circumstances borrow money using these cards nor may they use them for purchase of items that could be considered novel or contentious.

9.6. Cash Flow Forecasts

The CFBO is responsible for ensuring monthly cash flow forecasts are prepared and reviewed, to ensure that each school has sufficient funds available to cover its obligations. If significant surplus balances are forecast, steps should be taken to invest the surplus. Whenever a deficit or shortfall in cash is forecast, the CFBO needs to raise the issue immediately with the Accounting Officer and the Chair of Directors. The school may not borrow money outside DBMAC without the prior written approval of the Secretary of State.

9.7. Investments

As set out above, it is anticipated that all surplus funds will be invested to maximise interest received. Investments should however only be made in accordance with procedures approved by the CFBO. It is expected that all investment decisions will be made on a risk-averse basis. Deposits will be held only with mainstream UK banks or large building societies.

No other investment instruments should be used by the school unless approved in advance in writing by the Directors.

9.8. Petty Cash Accounts

Schools should operate without petty cash accounts by using the approved Purchasing cards or formal purchase ledger or expenses systems.

9.9. Expenses

With all expenses proper consideration needs to be given to incurring costs that you wish to be reimbursed. Expenses will only be paid if they are wholly, exclusively and necessarily for the benefit of the school, rather than the individual; that is there should be no duality of purpose. Due to restrictions in place on the use of public funds, costs associated with staff entertainment and gifts are not to be incurred. (For example, food and refreshments should only be charged to the school in respect of supporting work activities. No alcoholic refreshments are permitted).

Any expenditure incurred by a member of staff should be submitted on an Expenses Claim Form which may be specified by the school or the schools contracted payroll provider. These forms should be signed by the line manager and submitted to the school's finance team for reimbursement, along with the relevant receipts. If receipts are not submitted, nor a reasonable explanation for the absence given, the costs will not be reimbursed.

There will be occasions when staff will need to travel on school business. All reasonable expenses incurred whilst on such business will be reimbursed. It is the responsibility of the traveller, however, to ensure that such costs are warranted, and minimised.

It is expected that public transport options will be used if possible.

For national travel, standard/economy class public transport should be used.

Private cars may be used if this is more convenient/cost-time effective, and will be reimbursed at no higher than the rate set by the HMRC. The congestion charge may also be reimbursed, if relevant. Speeding or parking fines will not be reimbursed. The driver, not the school, is personally liable for any incident, thus drivers should ensure

that their own private motor insurance policy is comprehensive and permits the use of their own vehicle for the purpose of travel on school business.

Where overnight accommodation is required, the appropriate expected standard is three star or equivalent. Whilst on school business, reasonable subsistence expenses will be reimbursed (such as meals, but not alcohol).

Receipts must be kept to facilitate reimbursement. Expenses will not be paid without receipts.

All travel plans should be agreed in advance with the relevant budget holder.

Expense claims should be submitted at the end of the month in which they are incurred. Failure to comply with this may result in non-payment of expense claims.

Expense claims by Principals should be signed by the Accounting Officer or a Director. Expense claims by the Accounting Officer should be signed by a Director, normally the Chair, Vice Chair or Chair of the Finance Committee.

10. Fixed assets

10.1. Purchase of Assets

All assets purchased with an individual value over £5,000 must be capitalised and entered in the fixed asset register. Items under £5,000 that are considered desirable are not capitalised but must be entered in a desirable assets register held on the fixed assets software.

All purchases of fixed assets must follow the delegation of authority rules at Appendix 3.

10.2. Asset Registers

The Fixed and Desirable Asset Registers help Schools to:

- 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;
- Manage the effective use of assets and to plan for their replacement;
- Allow external auditors to audit the annual accounts and the financial systems; and
- Support insurance claims in the event of fire, theft, vandalism or other mishaps.

The Asset Registers should include the following information: Date of acquisition; Supplier of asset; Description of the asset including serial number or other identifying details; Cost; Location of asset; Proceeds of disposal (if applicable); Expected useful life of asset; and Staff member or department responsible for asset (Desirable fixed assets).

The Asset Registers are to be kept up to date and reviewed regularly. At least once a year a spot check should be made that assets exist and have been recorded correctly.

10.3. Gifts of Assets

All fixed assets given to the school should be recorded in the accounts as gifted income in the period in which the fixed asset was given to the school. The value placed on gifts in kind should be based on a conservative estimate of their gross value to the school. Gifted assets are treated and recorded in the asset register in the same way as purchased assets.

10.4. Security of Assets

All assets on the registers should be permanently and visibly marked as school property where practical.

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access stores.

10.5. Disposals

Items to be sold or thrown away must be authorised for disposal by the BM and the best possible value must be obtained. Where they have significant value, they should be sold by competitive tender or auction. The BM and Principal authorise disposal of assets up to £10,000. If the estimated value of the asset exceeds £10,000, the BM should obtain CFBO approval before proceeding.

Disposal authorisation should include justification that the asset no longer is of use to the school.

Disposal of equipment to staff is not encouraged, as it may be difficult to prove that the school is obtaining best value. In addition, there are complications with the disposal of computer equipment, as the school has to ensure that software licences are transferred legally to the new owner.

Any disposals of land and buildings must be approved in advance by Directors and will require approval from the Secretary of State.

10.6. Loan of Assets

School property may not be removed from the premises without the authority of the Principal or Business Manager/Primary Administrator. The loan must be recorded in a 'loan book' to be kept by the Finance team and the item booked back when it is returned.

If assets are lent for extended periods or frequently to a single member of staff, a 'benefit-in-kind' may arise for PAYE purposes. Loans should therefore be kept under review and discussed where necessary with the CFBO.

When an employee leaves the school, all loaned property must be returned and evidenced in the 'loan book'.

10.7. Desirable Assets Register

Some desirable assets (those that have a resale market), whose cost fall under the threshold for capitalisation (under £5,000) must be monitored in a similar way to capital purchases. This would include such items as: digital cameras, camcorders, printers and musical instruments. The DBMAC currently uses software to do this.

It is the responsibility of the school's administrator/finance officer to ensure the register is maintained accurately.

10.8. Premises

It is the responsibility of the BM and Site Manager to commission the day to day maintenance of the school site to a standard appropriate for a DBMAC school. Damage to school premises should be dealt with promptly to avoid further damage and additional costs. The Site Manager/Caretaker should report damage to the BM/primary administrator/Operations Manager who will take appropriate action. Expenditure should be authorised in line with the delegation of authority rules shown at Appendix 2

An quinquennial property survey will be organised by DBMAC Central services, using qualified surveyor/s, to identify a longer term programme of repairs and maintenance.

The Local Academy Committee and the Principal should consider as part of the annual budget the creation of a designated reserve / 'sinking fund' to enable the school to undertake a rolling programme of premises repairs and maintenance.

11. Contracts (Including Leases)

Any expenditure or purchase of a value over £5,000 that is subject to a contract for services or goods between the school and the supplier must be signed **before** the contracted work begins or the delivery of goods takes place.

The contract(s) should clearly set out (as applicable): The scope of work with detailed and accurate specifications; The timeline and completion date of the work(s); Dates for completion of works; Quality controls on work(s); The agreed fees/charges and payment date(s); Specification of the goods to be delivered (as applicable); and

In the case of a lease, whether it is an operating or finance lease (finance leases should be avoided as they are akin to borrowing and not usually allowed by the DfE).

The BM/primary administrator/Operations Manager should notify the CFBO of all leases before they are signed. The CFBO is responsible for confirming if approval is required from the Secretary of State/Roman Catholic Diocese of Birmingham and obtaining such approval when it is required.

The signing of a contract and/or lease should be treated like the placing of an order. Such commitments should be authorised in line with the ordering guidance shown at paragraphs 7.2 to 7.4 above. These limits are for the whole period of the contract or lease. For example, a £2,500 p.a. five year lease would cost £12,500 and should be authorised as such. In addition, when the term is for more than 5 years and/or the whole life value exceeds £50,000 approval is required from the Directors

12. Insurance

The DBMAC utilises the RPA scheme and utilises Zurich to cover items not covered by RPA - motor insurance and engineering. Cover will include:

- Buildings;
- Contents;
- Loss of cash;
- Public liability (on and off site); Employer's liability;
- Hirers liability;
- Governors liability;
- Business interruption;
- Vehicle/Minibus*;
- School Trips
- Personal Accident and Plant & Engineering

*Zurich

Cover does NOT include business use of employee's own vehicles

13. Value Added Tax (VAT)

DBMAC is registered for VAT and VAT returns to HMRC are required to be completed to recover VAT incurred. This process is owned by the CFBO, but relies on accurate and timely data from the Primary administrators/finance officers.

The CFBO will keep under constant review the DBMAC's position regarding VAT registration.

Purchases should be posted net of VAT as the VAT incurred is generally reclaimable. VAT should be posted to the purchase VAT control account.

Any non grant income (e.g. lettings / Uniform Sales) should be reviewed to assess their correct VAT status. Any output tax should be coded to the sales VAT control account.

All entries coded to the VAT control accounts should be reviewed by the Business Manager on a monthly basis. All other transactions, including purchases, should be reviewed to ensure the correct VAT treatment.

14. Borrowings

No school is empowered to use loan financing or similar. An exception to this is with regards to approved Energy Efficient loan schemes approved by the DfE (Salix loans)

Charge cards approved by the CFBO may be issued to schools but must always be paid in full each month by a duly authorised Direct Debit. For the avoidance of doubt, the holders of DBMAC purchasing cards may not under any circumstances borrow money using these cards. All purchases must be paid off in full each month to prevent any interest charges being levied.

Any school desiring loan finance or similar should consult the CFBO.

15. Year End Procedures

Budget Holders should not rush into commitments at the yearend in order to use up their budgets. The overriding principle at all times should be obtaining value for money, and if that means a delay whilst the best deal is sought, (pushing expenditure into the following year) then this should be followed and accommodated. Ideally, however, expenditure should be planned during the year so that last minute rushes can be avoided in the first place.

DBMAC Finance team will issue Year End Procedures and guidance to schools. This guidance will set out the timetable for close down and any particular processes that schools should follow.

Due to the fact that the DBMAC is one legal entity, individual schools are not required to produce full annual report and accounts. Instead, the school results are consolidated into the accounts for DBMAC as a whole. However, the Schools will be required to provide supporting schedules and back up information for their individual Trial Balances in accordance with the requirements circulated by the CFBO. A full year-end exercise to check

income and expenditure postings, prepayments, accruals and to be able to provide balance sheet figures is required.

The school administrators/finance officers will be required to aid external auditors as requested. Auditors will be appointed by DBMAC. The audited and signed accounts will be filed with the DfE and Companies House by the DBMAC finance team.

16. External Liaison

DBMAC leads on all discussions with the DfE/EFA and other central government bodies as appropriate. DBMAC leads on the relationship with the Roman Catholic Diocese of Birmingham.

Where areas of expenditure or actions are required to be passed to the Secretary of State for the DfE for their formal prior approval or notification then this should be done by DBMAC. The areas that this would cover will include:

- any guarantees, indemnities and letters of comfort entered into;
- write-off of debts or liabilities owed to the academy ~~over £45,000~~-This applies to any debts during the FNtl
- any ex-gratia payments;
- any freehold land or building sales or purchases;
- the grant or take-up of any leasehold or tenancy agreement for more than 3 years finance leases or other borrowings;
- any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter

The Roman Catholic Diocese of Birmingham is the landowner for all sites except Cricket Road.

The permission of the Diocese must be sought for:

- Any proposed works to buildings that involve structural alterations – this must be obtained prior to carrying out the work.

The approval of the Trustee must be obtained prior to application for any capital grants via the Deputy Director of the Diocesan Education Service.

The Anglican Diocese of Oxford is the landowner for the Cricket Road site.

17. Financial Protection and Malpractice

All school staff and Governors should adhere to the Principles of Ethical Standards in Public Life, shown in Appendix 3. All schools should have their own Anti-Fraud and Corruption Policy. Please refer to DBMAC Policy – Anti Fraud and Corruption. The DfE also has a number of useful resources for Academies on identifying Fraud which can be found at the following web address.

http://www.education.gov.uk/aboutdfe/executiveagencies/efa/efafundingfinance/b002_12647/external-assurance/academiesfraud

17.1. Fraud

All staff have responsibility to protect the assets of the school. As such, the school ensures that staff have a mechanism by which to report suspected fraud.

In addition, the management of the school must also have the means to investigate such cases. Please refer to DBMAC Policy – Anti Fraud and Corruption.

17.2. Whistle blowing

Whistle blowing inside the work place is the reporting by workers or ex-workers of suspected wrong-doing such as fraud, malpractice, mismanagement, breach of health and safety law or any other illegal or unethical act either on the part of management, the Governors, the Trust or by fellow employees.

The Public Interest Disclosure Act 1998 is designed to protect whistle blowers from detriment and unfair dismissal. The people protected by the Act include workers, employees, third party contractor staff, agency workers and work experience providers.

There is a balance to be struck between the right of the individual member of staff to speak freely on a range of matters and the right of the academy or colleagues to protect themselves against false and malicious accusations.

As such, DBMAC has a whistle blowing policy which details how concerns about malpractice may properly be raised within the schools and if necessary, outside the schools. For more information, please refer to the DBMAC Policy - Whistle Blowing.

Students may also have information which should be raised in the public interest and there should be proper procedures in place for them to air their concerns e.g. students' complaints procedure.

Appendix 1 – Glossary

Abbreviation	Definition
BACS	"Bank Automated Clearance Service"
BM	"Business Manager"
DBMAC	Dominic Barberi Multi Academy Trust Company. In day-to-day use, e.g. in emails, DBMAC can be used.
DfE	"Department for Education"
EFA	"Education Funding Agency "
EVC	Educational Visits Coordinator
CFBO	"Chief Business & Finance Officer"
GAG	"General Annual Grant" - the principal element of funding received by schools from the Education Funding Agency
GRN	"Goods Received Notice" - Notification that purchases have been correctly received by the school
HMRC	"Her Majesty's Revenues and Customs"
IA	"Internal Audit"
KPI	"Key Performance Indicator"
LA	"Local Authority"
LAC	Official (Scheme of delegation) short form for "Local Academy Committee". In day-to-day use, DBMAC uses the abbreviation GB – Governing Body. Members of the GB are called "Governors" which also distinguishes them from Directors (who sit on the Board of Directors of DBMAC).
LGPS	"Local Government Pensions Scheme"
MAT	"Multi-Academy Trust"
MTFP	"Medium Term Financial Plan" – a 3- to 5 year financial budget looking at projected Pupil Numbers, Income and related

	expenditure.
NIC	"National Insurance Contributions"
OJEU	"Official Journal of the European Union" - an official daily publication from the European Union. A supplement to this journal contains invitations to tender and other documents relating to EU procurement directives.
HCSS	A Budget planning package used by schools to facilitate the preparation of the annual budget
PAYE	"Pay As You Earn"
PO	"Purchase Order"
Principal	In academies the Headteacher is usually called the Principal.
PS Financials	The accounting software package used by DBMAC
RPA	Risk Protection Arrangement
SEN	"Special Educational Needs"
SLT	"Senior Leadership Team"
SOFA	"Statement of Financial Activities" - required as a part of formal Charities accounting, it shows a summary of Income and Expenditure for the organisation over a specified period.
TPS	"Teachers Pensions Scheme"
	Act 2006, a Trustee is also a director.
VAT	"Value Added Tax"

Appendix 2 – Authorisation Levels In Schools and Central Office

Placing Orders and Awarding Contracts <i>(NB values are whole life values)</i>	
Up to £5,000	Principal for primary schools. For Central/ St Gregory the Great CFBO/Principal who may delegate to Budget holder. All are subject to sufficient budget being available and spend being in accordance with the school development plan
Above £5,000 and less than £50,000	CFBO
Above £50,000 but less than £181,000	Accounting Officer (notify DBMAC CFBO)
Above £181,000	DBMAC Directors
Approving Payments (e.g. signing cheques, authorising bank payments, BACS)	
Up to £50,000	Any two authorised signatories from the bank mandate (Chair of Directors, other designated directors, Accounting Officer, Chief Finance & Business Officer)
Above £50,000	As above NB individual invoices of more than £50,000 must be split for BACS payments
Payroll authorisation	Principal . In their absence may be authorised by CFBOapproved by Principal retrospectively The monthly comparison of payroll to budget should be printed at each school and reviewed and signed by the head teacher
Charge Cards - credit limit £5,000	Issued to administrators(one per primary school) and head of primary phase, operations manager and finance and payroll officer at St Gregory the Great)
Petty Cash	Not permitted

Appendix 3 - Nolan Report - Principles of Ethical Standards in

Public Life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligations to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix 4 Transactions requiring EFA permission during FNtl

Transaction		Academy/trust NOT on FNtl	Academy/trust On FNtl
Leasing	Taking up a finance lease [3.9.3]	EFA agreement required	EFA agreement required
	Taking up a leasehold on land and buildings [3.9.3]	EFA agreement if lease term seven years or more	EFA agreement required regardless of term
	Taking up any other lease [3.9.2]	Trust has full discretion	EFA agreement required
	Granting a lease on land and buildings [3.9.3]	EFA agreement required	EFA agreement required
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	EFA consent required if transactions: ▪ exceed 1% of annual income or £45,000 individually; or ▪ 2.5% or 5% of annual income cumulatively	EFA agreement required regardless of size.
	Entering into guarantees, indemnities or letters of comfort [3.6]		
Special payments	Staff severance [3.7.6]	EFA agreement required if payment £50,000 or more	EFA agreement required regardless of payment value
	Compensation [3.7.10]		
	Ex gratia payments [3.7.15]	EFA agreement required	EFA agreement required
Acquisition and disposal of fixed assets	Acquiring a freehold on land and buildings [3.8.1]	EFA agreement required	EFA agreement required
	Disposing of a freehold on land and buildings [3.8.1]	EFA agreement required	EFA agreement required
	Disposing of heritage assets [3.8.1]	EFA agreement required	EFA agreement required
	Disposal - not land, buildings or heritage [3.8.2]	Trust has full discretion	EFA agreement required
GAG	Pooling by multi-academy trusts [3.10.5]	No limits (except PFI) if trust eligible	EFA agreement required
	GAG carry forward [3.10.2]	No limits if trust eligible	EFA agreement required