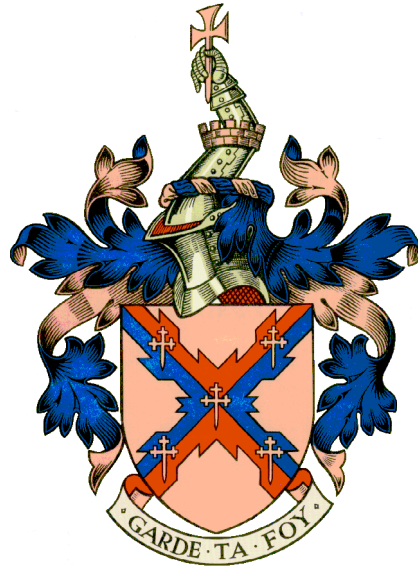


Sir Thomas Rich's School



FINANCIAL POLICY AND PROCEDURES MANUAL

The purpose of this manual is to ensure that Sir Thomas Rich's School (STRS) maintains systems of financial control conforming to the requirements both of probity and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education

STRS must comply with the principles of financial control outlined in the academies guidance published by the Education & Skills Funding Agency (ESFA). This manual expands on that and provides detailed information on the School's accounting procedures.

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Introduction - Overview and Objectives of This Manual

The purpose of this manual is to ensure that the financial management of STRS conforms to the following objectives and principles:

1. A clear definition of financial responsibilities;
2. A clear separation of duties where necessary and appropriate;
3. The operation of effective financial checks and controls;
4. Integrated financial planning and budgeting;
5. Regular and clear financial monitoring and reporting at an appropriate level of detail;
6. Compliance with ESFA rules and regulations and with audit requirements;
7. The securing of best value for money;
8. Operation in accordance with generally recognised financial best practice;
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1.1 - Finance Structure

STRS 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:-



The organisation of STRS encourages regular interaction between those making financial decisions and those affected by them through the passing of information regarding any proposed actions through the reporting lines indicated above.

1.2 - Role of the Governing Body

The Governing Body has overall responsibility for the administration of STRS finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between STRS and the Secretary of State for Education. The main responsibilities include:

- ensuring that any grant from the DFE is used only for the purposes intended;
- the approval of the annual budget;
- the approval of delegated financial powers.

The Governing Body also recognises key roles set out in the DFE documents, 'Governance Handbook 2017' and 'Competency Framework for Governance 2017', these being:

- to be strategic, including ensuring that the School has clear aims and values, to raise standards of achievement and to ensure that the School's resources are directed to through the School Improvement Plan (SIP).
- to act as a critical friend, including identifying where the School is and is not achieving and supporting and challenging proposals of the School
- to be accountable, including the promotion of standards and educational achievement and the School's overall performance.

Governors act with integrity, objectivity and honesty and in the best interests of the School and are prepared to explain their decisions and actions, if required.

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1.3 - Schedule of Financial Delegation

STRS has a detailed Schedule of Financial Delegation that sets out the financial responsibilities retained by the Governing Body as well as the delegation to the Finance Committee, Headmaster and to other members of staff within the School. A copy of this Schedule is at Appendix 1. This document is reviewed and approved by the Governing Body periodically, as reflected in the minutes of their meetings. In addition to the Schedule of Financial Delegation, Governors are made aware of the Academy funding Agreement and the Academies Financial Handbook as part of their induction training. The School has adopted these documents and incorporated them into its Schedule of Financial Delegation.

The School also maintains individual job descriptions for the Headmaster, Finance Director and all others involved in the financial management of the school, setting out clearly defined levels of financial responsibility, including their relationship with the Governing Body.

1.4 - Financial Policies

The Governing Body is responsible for ensuring that a number of policies are in place and regularly reviewed. All staff and governors are made aware of these policies through their induction training.

1.5 - Review of Financial Procedures

Governors periodically, or following any significant changes to the financial practices being operated, will review this finance procedures manual. Approval of the manual will be reflected within the governor minutes. The manual is held within the policies file and is available to staff and governors. It is also brought to their attention through the induction process.

This Finance Manual should be read in conjunction with:

Anti-Fraud Policy
Staff Recruitment and Selection Policy
Charging & Remissions Policy
Data Protection Policy

1.6 - Role of the Finance, Audit, Risk Management and Health & Safety Committee

Although there is no requirement for schools to have committees, the Governing Body has agreed that it will fulfil some of its responsibilities through a series of committees. The Governing Body as a whole decides the membership of each committee

The tasks that are carried out by the Finance, Audit, Risk Management and Health & Safety Committee are as follows:-

1. Provide advice and offer recommendations to the Governing Body on all financial matters.
2. Scrutinise the drafts of the annual budget and the rolling five-year budget and make recommendations for their approval by the Governing Body.
3. Monitor income and expenditure against the annual budget and all other day to day financial issues within the limits of the Schedule of Delegation.
4. Monitor the financial regulations maintained by the School and the effectiveness of the

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School's financial procedures as set out in the finance handbook for staff.

5. Ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DFE guidance issued to academies;
6. Receive reports and monitor the professional development activities of the School.
7. Monitor financial areas of the School Plan on behalf of the Governing Body.
8. Review financial policies and recommend for approval to the full Governing Body. Monitor the implementation of such policies.
9. Review the reports of the Responsible Officer on the effectiveness of the financial procedures and controls and report on these to the full governing body.

1.7 - Reporting Financial Updates to Governors

The School ensures that the Governing Body is kept fully informed about financial issues and developments at meetings of the Finance, Audit, Risk Management and Health & Safety Committee by recording the details in the minutes. Following discussion, any issues of a significant nature are then fed back to the full Governing Body.

1.8 - Role of the Headmaster

Within the framework of STRS's development plan and schedule of Delegation as approved by the governing body the Headmaster has overall executive responsibility for STRS activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director and to Designated Budget Holders but the Headmaster still retains responsibility for:

- Authorising contracts between £5,000 and £50,000 in conjunction with the Chair of the Finance, Audit, Risk Management and Health & Safety Committee where appropriate (see Section 11.10);
- The overall integrity of the School's finances and the effective operation of the School's financial systems and controls;
- Signing cheques in conjunction with other authorised signatories and in accordance with the bank mandate;
- Ensuring that the Designated Budget Holders discharge their responsibilities effectively.

1.9 - Role of Designated Budget Holders

The role of the Designated Budget Holder is to:

- Ensure that all commitment and expenditure against his/her Approved Budget is within budget limits and within the limit of his/her delegated authority;
- Liaise with the Finance Director of any potential overspend or variation to Approved Budget;
- Complete and authorise a Purchase Order for all commitments;
- Ensure that invoices for expenditure against his/her budget are for goods or services properly ordered, have been received, confirm to specification and are of satisfactory standard. If so, to authorise the invoice for payment.

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1.10 - Role of The Responsible Officer

The Responsible Officer (RO) is appointed by the governing body and provides governors with an independent oversight of STRS's financial affairs. The main duties of the RO are to provide the governing body with independent assurance that:

- the financial responsibilities of the governing body 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 termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Finance, Audit, Risk Management and Health & Safety Committee.

1.11 - Role of the Finance Director

Working with the Headmaster, the Finance Director prepares the initial draft annual budget for the School, which is submitted to the Finance Committee for discussion and then the Governing Body for the final approval.

The Finance Director also provides specific expertise in long-term financial management and is responsible for:

- budgeting
- providing financial advice
- accountancy
- generating and monitoring income
- arranging and checking insurance
- costing projects undertaken by the School (building works, contracts, etc.)
- developing financial policy.

Full details of all areas of responsibility are set out within the Job Description for this post. Refer also to the School's Schedule of Financial Delegation.

1.12 - Role of Other Staff in Financial Management and Administration

In order for the financial system to operate well, staff with financial responsibilities must act with competence and integrity. As part of the interview and selection process, the School specifies the qualifications, experience and personal qualities desired for the post within the person specification. All staff with financial responsibilities are requested to complete the competencies matrix. The Headmaster reviews these and, where appropriate, training to support the members of staff is considered. Staff are also encouraged to review any training sessions offered both internally and by external providers in order to expand the knowledge that they already hold or to bring them up to date with current practices and expectations.

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1.13 - Academy Accounts Return

The Finance Director is responsible for completing the annual Academy Accounts Return, for securing the approval of the Headmaster to this document and for its submission by the ESFA deadline each year.

1.14 - Register of Pecuniary (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 STRS governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom STRS may purchase goods or services. The register is open to public inspection.

The register includes all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with STRS. The disclosures 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 detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

The register is retained by the Clerk to the Governing Body and shows:-

- the name of the governor / staff member (including close family members).
- the nature of the business or personal interest.
- the name of the organisation or person which gives rise to the interest.
- an indication of the circumstances in which a conflict might arise (if this is not already obvious).

No governor or member of staff accepts gifts or hospitality from current or potential suppliers, unless appropriate approval is obtained.

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2.1 - Separation of Duties

STRS maintains this manual of detailed procedures in order to reflect the day-to-day management of financial administration. As far as possible, the allocation of duties has been made to ensure that the same person is not responsible for a process from start to finish in order to reduce the risk of error or intentional manipulation. Where this is not possible, the Headmaster or Finance Director undertakes some form of internal check, e.g. review the bank reconciliations, review of paying-in slips, etc. As far as is possible, the following functions are separated:

- Authorisation
- Execution

(E.g. the authorisation of orders and invoices is separated from the placing of orders and raising of cheques, etc.)

- Custody
- Recording

(E.g. the responsibility for managing assets is separated from the recording of items on the inventory and again from the annual checking process, etc.)

- The responsibility for system development from the operation of the system
- Access profiles

(E.g. the development of the computer-based packages is separated from the day-to-day users and profiles are set within the system to restrict access to specific areas only.)

For expenses incurred by the Headmaster, approval is obtained from either the Chair of Finance or Chair of Governors or another authorised signatory.

In the event of long-term absence of any of the post holders, their responsibilities should be delegated upwards until alternative arrangements can be made.

2.2 - Approved Signatories

Authorisation on an action, transaction, etc. is a key internal control. Staff are expected to exercise authority only where they have been delegated the power to do so. Authorisation is clearly recorded by the individual's signature and printed name. The finance office maintains specimen signature schedules. External agencies, notably the payroll provider, are notified of changes to authorised personnel promptly.

All orders and invoices are authorised for payment by the Designated Budget Holder. Details of all Budget Holders are held within the accounting package and the Finance Director holds a separate list detailing the name of the budget holder, their signature and any restrictions to their signing limits. This record is retained securely in the finance office.

2.3 - Maintenance of Complete and Permanent Records

STRS ensures that complete financial records are maintained at all times so that transactions are traceable from the original documentation to the accounting records and vice versa. Where amendments are required, the person making the change initials the alteration. All manual records are completed in ink and correcting fluid is not used. All records are authorised or approved independently from the person completing them, e.g. approval of the costing for a residential journey

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or day visit, bank reconciliations, etc. and the records are signed to reflect this. Records are retained for the length of time recommended.

Security arrangements regarding financial data security and backup procedures, etc. are covered in Section 18 to this manual.

2.4 - Review and Assessment of Procedures

On an annual basis, the Chair of the Finance, Audit, Risk Management and Health & Safety Committee takes a self-assessment of financial systems as part of the annual review of the risk register. The result of this assessment is discussed with the Finance Committee and is designed to ensure that effective controls are in place and to give reasonable assurance that all the funds managed by a School have been properly controlled and accounted for (refer also to Section 5).

2.5 - Audit Arrangements

The governors of STRS ensure that access to financial records will be given to the Responsible Officer and external auditors, Registered Inspectors or their inspection teams and Her Majesty's Taxation Authorities for the purposes of audit inspection.

2.6 - Internal Audit (by the Responsible Officer)

In the absence of an internal audit service the RO provides the GB with independent assurance that:

- the financial responsibilities of the GB are being properly discharged;
- resources are 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 main purpose of the RO role is to ensure that conditions of DfE grant, and the financial procedures which the DfE expect of an academy are followed.

The RO visits the academy at least once a quarter and undertakes a series of detailed tests to confirm the operation of the main financial systems.

Written records of the checks performed by the RO are maintained.

2.7 - Risk Management

STRS undertakes a regular review of the areas of risk within the School both in terms of people and premises, including the following areas:

- identifying and assessing risks
- determining appropriate actions
- implementing the actions
- monitoring the results
- providing feedback

A designated governor, assisted by the Chair of the Finance, Audit, Risk Management and Health & Safety Committee, leads on the assessment process and determines the possibility of an event

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occurring. The findings of the risk assessment exercise / update are maintained in a risk register and formally reported back to governors and reflected in the minutes of their meetings.

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3.1 - Account Arrangements

The Governing Body has agreed that STRS deposits all funds within the bank accounts set up by the Academy Trust.

The two main bank accounts are held with Lloyds Bank Plc. The first is for the purpose of STRS public funds, the second account is for the use of STRS private funds.

3.2 - Cheque Security and Signing

The governors of STRS have agreed that the signing of School cheques has been delegated to the following approved cheque signatories:

- Headmaster
- Deputy Headteachers
- Assistant Headteachers
- Finance Director
- Chair of Governors
- Chair of Finance

Subject to the following limits of signing power:

Authorised Personnel	Limit / Comments
Any signatory alone	Cheques up to £100 in value.
Any two signatories	Cheques up to £2,000 in value
Any two signatories, of whom one must be the Headmaster	Cheques over £2,000 and up to £50,000 in value
Over £50,000	The Headmaster, together with one Governor signatory

The School has completed the required forms to instigate these arrangements and copies are retained securely. If the Headmaster is absent for a prolonged period of time the School will contact the bank to make alternative arrangements.

For cheques in excess of £2,000 and staff reimbursements, the supporting documentation is also signed by the cheque signatories to reflect separation of duties (i.e. the cheque signatory is not the same as the person receiving payment).

In the event that a cheque is made out to the Headmaster, any two signatories other than the Headmaster will act as joint cheque signatories. (All reimbursements to the Headmaster are approved by the Chair of Finance prior to the cheque being raised).

3.3 - Security and Control over Cheque Stationery

The Finance Director is responsible for controlling cheques and/or cheque books in issue. Cheque books are ordered automatically, printed cheque stationery is ordered as required. When not in use, cheques, cheque books and printed cheque stationery are kept securely. Access is restricted to the

following personnel:

- Finance Director
- Finance Team

3.4 - Accounting for all Cheques

The Finance Director is responsible for periodically checking the sequence of unused cheque books to ensure that all unused cheques can be accounted for. Any anomalies are reported to the Headmaster immediately and the bank informed not to honour cheques which cannot be accounted for.

3.5 – BACS payments to suppliers

The Finance Director will oversee the arrangements regarding BACS payments to suppliers. The Finance team will raise a batch of payments through the Schools accounting software. An accompanying report with invoices attached will be passed for signing by two of the designated signatories. Once approved, the Finance Director will process the batch via Lloyds Commercial Banking Online for payment.

3.6 - Online Arrangements

The Finance Director has been set up at the bank with password access to enable her to deal with on-line banking and telephone queries arising with the bank and a copy of the registration form is retained securely in case this is forgotten.

3.7 - Changing Account Signatories

All changes to the authorised signatures must be approved by the Finance Committee

3.8 - Direct Debits, Standing Orders & BACS payments

The Finance Director will maintain a schedule of all direct debits, standing orders & BACS payments set up on the School's account(s) showing:

- payee
- reason for payment
- amount
- date set up
- frequency / timing of payment

These are only set up after careful consideration regarding the risk of error and the Schools ability to meet the on-going cost. All mandates are signed by two of the authorised signatories. The mandates are retained in the finance office.

All direct debits, standing orders & BACS payments reflected on the bank statements are reconciled to the invoices received and any receipts obtained (e.g. use of the School petrol card). Refer also to paragraph 3.8 below regarding business cards. The supporting documentation is filed with the paid invoices.

The Finance Director will undertake a spot check of these procedures on a termly basis.

3.9 - Business Cards/FairFX cards

Business credit cards are held in the name of the Headmaster and the Finance Director and are kept securely in a safe.

Fair FX cards are held securely in the safe and their PIN's stored separately in a locked cabinet.

3.10 - Cashing Facility

It is the sole responsibility of the Finance Director to withdraw petty cash

3.11 - Reconciliation Process

Printed bank statements are received from the bank on a monthly basis, but on-line access is available at all times. The Finance Director is responsible for overseeing the reconciliation of all accounts undertaken by the finance team. The reconciliation must be done at least on a monthly basis.

Once the items on the bank statements have been cleared, the list of unreconciled items is reviewed, and examined for old expenditure items and outstanding income items. All cheques that have not been presented at the bank within six months of production are investigated and written back into the account, where appropriate. Outstanding income items are investigated and chased through the bank, where appropriate.

Once the reconciliation process has been completed, the 'bank reconciliation' reports are retained.

3.12 - Banking of Cash and Cheques

Cash and cheque receipts are reconciled by the Finance Officer or the Commercial Operations Director (for commercial receipts) and placed in sealed bags, held securely. Weekly collection is by security company. A receipt is taken from the driver.

These are signed as accurate by the Finance Officer.

The signed reports are to be retained for review, along with the bank statements.

If the account cannot be reconciled, this is reported to the Headmaster

3.13 - Cash Flow Forecasting

The Finance Director will maintain a forecast of cash flow for a period of six months ahead on a rolling basis, to assist in optimal funds control and disposition.

The School is aware that it is not permitted to go overdrawn at the bank and, in the event that the School becomes aware that there are insufficient funds available to meet current commitments, the School will contact the Education Funding Agency for guidance.

The School monitors its bank position on a monthly basis with direct access to the bank and through the performance of formal bank reconciliations and on a half-termly basis through revised forecasting of the budget.

3.14 - Prohibition of any Form of Credit Arrangement

Generally, Schools are not permitted to borrow money, unless they have the approval of the Secretary of State. The Headmaster will ensure that the School does not enter into any finance/purchasing arrangement that is deemed to represent a credit arrangement, e.g. finance leases.

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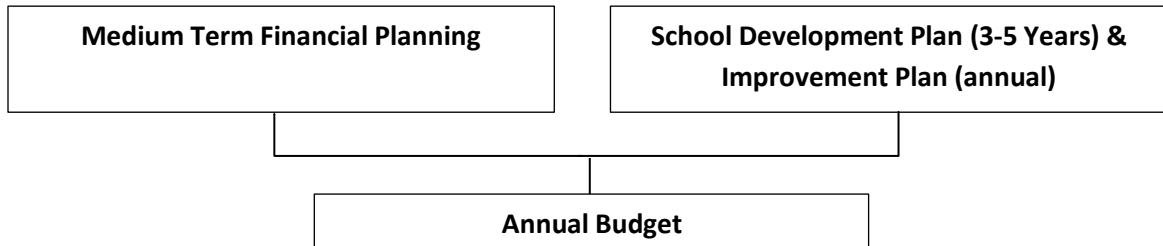
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STRS prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how STRS's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to STRS and the planned use of those resources for the following year.



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

4.1 – School Development Plan

School development planning brings together, in a clear and simple way, the School's priorities. Development planning is mostly presented in the form of an annual School Improvement Plan (SIP) which documents the main measure taken each academic year to raise standards, the resources dedicated to these, and the key outcomes and targets the School intends to achieve. This further supplemented by the annual Department Improvement Plans which contain both issues that are specific to individual departments and detail on how departments intend to implement key targets in the SIP.

4.2 - School Improvement Plan

The improvement plan is concerned with the future aims and objectives of STRS and how they are to be achieved; this includes matching STRS's objectives and targets to the resources expected to be available. Plans are kept relatively simple and flexible to indicate the "big picture" within which more detailed plans may be integrated. The form and content of the improvement plan are decided after giving due regard to the matters included within the guidance to Academies and any annual guidance issued by the DFE.

The completed improvement plan includes detailed objectives for the coming academic year and outline objectives for the following two years. The plan also includes the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective is assigned to a Director. The responsible Director monitors performance against the defined success criteria throughout the year and reports to the senior management team on a regular basis. The senior management team will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

The items within the SIP are also prioritised to make the best use of funding or resources.

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The SIP is approved by the Governing Body on an annual basis. Progress against the SIP is monitored by the individual committees on a regular basis and as part of the on-going budget monitoring cycle. As the priorities of the SIP change, the financial planning of the School will change accordingly and it will have emphasis on what the School wants to achieve, taking into consideration the monetary inputs.

4.3 - Medium Term Financial Plan (MTFP)

The School uses the SIP to lead its medium term financial plan (MTFP) for the next three years, showing how the needs of the SIP can be met in the medium term, given the School's current financial position. The MTFP is put together at the beginning of the financial year.

The MTFP enables the School to:

- take into consideration the financial implication of changes in pupil numbers
- plan for a range of alternative scenarios
- ensure priorities in the SIP are both affordable and sustainable
- ensure that the budget remains sustainable (i.e. forecast income matches forecast expenditure)
- develop contingencies to deal with unexpected events
- avoid deficits or excessive surpluses

This plan is updated and discussed regularly, in line with known changes to income and expenditure pattern and changes in pupil numbers. The Headmaster and Finance Director work together to achieve this.

The MTFP is approved by the Governing Body once governors are satisfied with the projections and that the assumptions made are realistic. Before approval, the level of the forecasted balances is fully scrutinised. The MTFP is reviewed and updated annually as part of the financial planning / budget formulation cycle.

4.4 – Benchmarking

STRS recognises the benefits in using benchmarking information to learn from others in implementing changes to spending patterns to help deliver educational priorities.

As part of the annual budget setting exercise, the School reviews benchmarking data. The extent and depth of review depends on what the data reveals compared to previous reviews and the School's current circumstances. The more significant areas of spend, i.e. staffing costs, are reviewed more frequently than others.

In order to obtain comparative data, the School uses a number of sources, including:

- Gloucestershire Association of Secondary Heads (GASH) benchmarking
- Gloucestershire Association of School Business Directors (GASBM) benchmarking
- BASS benchmarking
- Local Authority management information
- information from other local schools

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The information is used to determine how the School compares with other similar establishments and forms the basis against which the setting of the current budget is challenged.

4.5 - Annual Budget

The School has a budget preparation timetable to ensure that the budget setting process is clear and that all stages are undertaken by the required deadlines.

The School uses the SIP, the MTFP, including the indicative budgets, to create each year's annual budget and has links between all three, which are highlighted in the documentation sent to governors for approval of the annual budget.

The governors consider the spending priorities in the light of the budgeted income and expenditure.

The School uses budgeting software and clear documented notes are maintained by the Finance Director regarding the budget preparation, e.g. what assumptions were made, what factors incorporated, what risks attached, how have figures been calculated, etc. The Finance Director prepares a report for governors showing the basis for compiling the budget and this is presented to them for discussion. This includes a review of the previous year's financial performance.

The Governing Body is aware of the requirement to set an 'in year' balanced budget. In extreme austere years where this is not achievable, unspent funds from previous years will be brought forward. The Governing Body will consider this carefully, taking into account the Medium Term Financial Plan.

Expenditure must be for the education and purposes related to the School.

The budget process starts with the Leadership Team deciding on major expenditure, as directed by the SDP together with any major issues that have arisen.

As part of the budget setting process, the School's staffing arrangements (both teaching and support staff) are reviewed by the Headmaster and the Finance Director to take into consideration increment changes, planned structural changes and any other factors known at this time, e.g. staff changes. Once costs such as staffing and premises related matters have been approved the balance is apportioned to departments. This is balanced against the available resources for the same period, and the contingency element of the budget required by the Governing Body, taking into consideration the budgeting information issued by the EFA prior to the commencement of each financial year.

The budget is prepared in a format which separately identifies income and expenditure and is split between revenue and capital allocations. This facilitates completion of returns and ensures consistency with the accounting system and the returns submitted to the ESFA.

The governors have agreed that the first draft of STRS's annual budget for the following financial year will be ready for consideration by the Finance, Audit, Risk Management and Health & Safety Committee by May/June each year. The draft budget is then circulated to the members of Finance, Audit, Risk Management and Health & Safety Committee prior to their meeting to discuss it so that they can consider it and obtain any further information and explanations they feel are necessary to gain a thorough understanding of the budget. Any assumptions used are highlighted clearly and attention is drawn in particular to areas of sensitivity.

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The budget is then revised if necessary and presented for consideration by the full Governing Body and the budget setting rationale is explained. The Governing Body also reviews the previous year's activities to establish how STRS has performed in relation to the approved budget for that year.

The Governing Body has ultimate responsibility for setting the budget and the operation thereof and ensures that actual income and expenditure during the year is monitored closely and compared against budgeted income and expenditure.

Once the annual budget has been approved, all appropriate EFA returns are completed for submission by 31st July.

The Finance Director will report to the Governing Body any proposals for policy changes that significantly affect the expenditure or income budgets.

The governors of STRS are aware of the arrangements for excess balances and that they will be required to report the reasons for any high balances. The budget is compiled to ensure only a prudent level of under spend (or in exceptional years, the recovery of a deficit).

4.6 - Accounting Package

From the approved budgeted income and expenditure return, the budget is entered into the accounts system.

The Finance Director will transfer the reported figures into budget departments and nominal ledger codes where applicable ensuring that the figures match that approved by the Governing Body.

4.7 - Budget Holders

The Finance Director is responsible for notifying budget holders in writing of their allocation together with guidance on how it can be spent.

4.8 - Treatment of Earmarked Funding and Reporting of Significant Activities

The School may receive allocations of earmarked funding. In drawing up the budget, STRS ensures that all streams of funding are specifically identified along with any criteria against which this funding must be used, e.g. Pupil Premium, SEN, Teaching School Grant etc. These strands of funding are taken into consideration when putting the budget together and are specifically highlighted to governors when approving the budget.

In addition to the earmarked funds, the School may operate a number of large activities, e.g. hirings, commercial activities etc. These are also separately reviewed as part of the annual budget setting process. The Finance Director records income and expenditure relating to earmarked funds and any significant activities in such a way as to allow this income and expenditure to be separately identified and reported. The areas of earmarking funding and projects are separately monitored as part of the on-going budget monitoring arrangements of the School.

4.9 - Profiling the Annual Budget

Once the budget has been approved and loaded onto the accounting package, it is profiled by the Finance Director in accordance with known spending / income patterns. Where there is no history to refer back to, the most sensible profile is used. The profiles are reviewed periodically throughout the financial year to ensure that they still represent known spending patterns, especially where funds have been transferred due to revised spending arrangements. Where appropriate, profiles are amended.

4.10 - Virements and Budget Allocations

There is a procedure for formal approval of budget virements. All movements to the budget after approval at the appropriate level are formally recorded and approved in accordance with the delegation set out in this procedure and reported back to the Finance Committee and Governing Body at their next meetings. Virements are processed on the computerised system by the Finance Director

4.11 - Sixth Form Funding

STRS is aware that the funding provided for its sixth form students is based on the information provided by the School to the (ESFA). It is, therefore, vital that this information is completed accurately and on a timely basis. The governors are also aware that this funding may be subject to ad hoc audit inspection and that the School could be asked to repay any money claimed in error. Conversely, under claiming for students could have a serious financial impact.

The returns for the ESFA are completed by the head of sixth form and the data systems Director and all supporting records are retained as at the date of submission. The return is checked, in accordance with the guidance provided by the EFA, and countersigned by the Headmaster before being submitted.

As part of the School's forecasting and continuing development, the School uses ESFA guidance and formulae to indicate any potential changes in the level of funding that the School could achieve if the number of students, subject choices and success rates were changed. This information is fed into the MTFP and the outcomes of the various options reported to governors.

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- 5. Financial monitoring and reporting**
 - 5.1** Internal monitoring
 - 5.2** Reporting to the ESFA
 - 5.3** Risk Register

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5.1 - Internal Monitoring

Following the month end procedures set out in Section 6 a number of budget monitoring reports are extracted for the various Designated Budget Holders by the Finance Director. All reports extracted are initially reviewed and, where appropriate, annotated, by the Finance Director.

The Governing Body and staff of STRS will be regularly consulted to ensure that the financial management information they receive is relevant, timely, reliable and understandable.

Departmental Budget Holders

Designated Budget Holders are accountable for items of expenditure and income they directly control. It is their responsibility to ensure that their budget is being spent in the most beneficial way for their department. They must ensure they are receiving value for money for every purchase.

Each Designated Budget Holder is provided with a monthly summary of the budget giving:

- total spend
- outstanding commitments (i.e. order placed but invoice not yet received /paid)
- budget
- balance left

The Designated Budget Holder is required to examine the reports to ensure that the transactions are as expected and that the report represents an accurate statement of the budget position. Where there are any queries, he/she is required to contact the Finance Director to establish the reason and action required, if appropriate.

At any stage, if concerns arise over the spending pattern of a particular cost centre it is raised in the first instance by the Finance Director with the Designated Budget Holder. They jointly decide on the appropriate action. Procedures will not allow any overspend against a budget without prior approval from the Finance Director.

Finance Director

The Finance Director will provide the Headmaster and the Finance, Audit, Risk Management and Health & Safety Committee a detailed report of the whole school income and expenditure, in the format set out at Appendix 2.

The forecast outturn for the year will reflect:

- any significant variances between the profiled budget and the actual position to date
- the reasoning behind the variances (outstanding bills, increased overtime due to sickness, pending insurance claims, etc.)
- proposals for addressing any issues that have been identified

The report will also reflect capital income and expenditure separately from revenue so that the two allocations do not become confused.

These variance reports will support the monitoring information provided to the Finance, Audit, Risk Management and Health & Safety Committee.

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Finance, Audit, Risk Management and Health & Safety Committee

On a quarterly basis, the members of the Finance, Audit, Risk Management and Health & Safety Committee are provided with a report in the form of Appendix 2, with appropriate explanations for variances from budget.

These reports are derived directly from the School's accounting package.

The Finance, Audit, Risk Management and Health & Safety Committee authorise any adjustments to the annual budget. They also consider and approve any virements between existing budget headings at this stage. Any virements are reviewed in line with the Schools' overall aims and objectives

In addition to the budget monitoring reports, the members of the Finance, Audit, Risk Management and Health & Safety Committee are also provided with the following records, as required:

- details of significant changes to the asset register that may require further investigation or approval
- details of likely or actual bad debts that may require writing off and their effect on the budget
- details of any relevant financial issues being considered / implemented at the time
- accounts relating to any area of spending they wish to monitor, paying particular attention to areas of earmarked funding and specific activities, e.g. catering.

Funds devolved to the School on an earmarked basis must be used for the purposes given. An institution providing earmarked funds may recover any funds that are not spent for the purposes prescribed or not spent in-year.

Governing Body

The members of the Governing Body meet on a half termly basis and receive copies of the minutes from all committee meetings that reflect all decisions made and responsibilities for actions to be taken, with their agenda.

5.2 - Reporting to the Education & Skills Funding Agency

The ESFA publishes an accounts direction each year setting out its requirements for the preparation of the academy trusts annual reports and financial statements. The Finance Director ensures that all returns are sent to the ESFA within the deadlines published.

5.3 - Risk Register

The Governing Body of STRS ensures that there are robust systems for identifying, controlling and monitoring all significant risks. To achieve this, the Governing Body has nominated a governor to oversee the allocation of responsibilities and financial procedures on an annual basis to ensure that:

- separation of duties is maintained
- internal controls operate within each financial system
- procedures are still current and relevant

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The School undertakes an annual self-assessment of its financial systems. This work is supported by the findings from the Responsible Officer. The results from this are used by governors when considering the risks and the need to disclose any significant weaknesses.

The Governing Body will meet in January each year to determine that they and the School have gone through an adequate process to assess the state of the School's internal control and that any notable weaknesses have been identified, declared and formally minuted.

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- 6. Accounting Routines**
 - 6.1** Guidance materials
 - 6.2** Month-end procedures
 - 6.3** Coding structure
 - 6.4** Year end / closedown procedures
 - 6.5** Suspense, holding and control accounts
 - 6.6** Journals and other exceptional entries

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6.1 - Guidance Materials

STRS operates its financial package in accordance with the guidance materials and in conjunction with advice received from the appointed auditors

6.2 - Month-end Procedures

The month-end routine is managed by the Finance Director. In order for relevant budget monitoring information to be produced, the School's accounting package must be up to date. The School has a set month-end routine regarding the School's financial package to ensure that the accounts are up to date prior to the budget monitoring reports being produced.

This includes ensuring that:

- all postings onto the computerised financial management are brought up to date
- all debtors, creditors, accruals and prepayments are identified and entered on software. Workings for all such items are retained on file.
- bank reconciliations on all accounts are performed, printed, checked, signed and kept on file (please refer to Section 3)
- control accounts are reviewed and cleared
- budget monitoring reports are printed and monitored (please refer to Section 5)
- VAT returns are completed quarterly (please refer to Section 12)
- other journals or transactions, e.g. trading accounts, earmarked funds are updated.

6.3 - Coding Structure

STRS has set up its coding structure in order to provide the required reports for auditors, ESFA, governors and Consistent Financial Reporting.

6.4 - Year-end / Closedown Procedures

The year-end routine is undertaken by the Finance Director. At the end of each financial year a "soft close down" is performed in the software until all accruals and prepayments have been identified and processed, and all reconciliations and control accounts have been successfully performed.

Once all periods have been closed, a backup is taken. Then the year-end procedure is run.

When completing the year-end the Finance Director reviews the accruals taking into consideration:-

- Debtors -includes an accrual for bank interests and outstanding income.
- Prepayments -includes payments made in advance for school journeys (e.g. deposits), lease payments that stretch over more than one financial year, courses booked and paid for in advance.
- Creditors -supplies and services already received by not yet paid for.
- Receipts in advance -includes income received for an activity taking place in the following financial year, e.g. school journeys

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After all year-end adjustments have been taken into consideration and the final accounts have been prepared by the accountants and approved by the governors a final close is performed.

6.5 - Suspense, Holding and Control Accounts

All suspense and holdings accounts (e.g. any used for the in-house payroll operation) are reviewed by the Finance Director on a monthly basis and cleared regularly. Any balances that cannot be immediately cleared are reported separately to governors as part of their monthly monitoring reports.

The VAT control account is monitored as part of the month end procedure to ensure that all expected reimbursements have been received. STRS is aware that it has a three-year deadline for recovering VAT and that any reimbursements not received within this time will no longer be recoverable and would need to be written out of the package.

6.6 Journals and Other Exceptional Entries

The Finance Team recharge departmental budgets for:

- reprographic costs
- school trip deficits

On a monthly basis, the reprographics department uses meter readings from each of the School's reprographic/printing machines to determine the number of copies taken by each department. This information is summarised for the finance office and the Finance Director raises the appropriate journals to charge the department and credit the central reprographic budget.

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- 7. Payroll and Employee Expenses**
 - 7.1** Payroll/HR Arrangements
 - 7.2** Authorisation of appointments
 - 7.3** Pre-employment checks
 - 7.4** Starters/variations/leavers
 - 7.5** Timesheets
 - 7.6** Checking of Payroll Data
 - 7.7** Pay-related expenses
 - 7.8** Supply teachers
 - 7.9** Pay advances
 - 7.10** Staff deductions
 - 7.11** Nominal roll check
 - 7.12** Payroll Posting
 - 7.13** Expenses - general
 - 7.14** Travel expenses

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7.1 – Payroll/HR Arrangements

STRS has a contract with Education Personnel Management Ltd (EPM) for the processing of payroll. The Finance Director and Headmaster review these arrangements on a regular basis.

The guidelines for the recruitment process are set out in the Schools 'Safer Recruitment and Selection Policy'.

7.2 - Authorisation of Appointments

STRS acknowledges that the Headmaster has a professional duty to participate in the selection and appointment of teaching and non-teaching staff, with the exception of his own post. All staff appointments and promotions, etc., within the annual budget are made in accordance with the School's Pay Policy and authorised by the Headmaster. All staff changes are notified to the Personnel Committee at their next meeting.

All appointments will be made following a formal process of advertisement, short listing, interview/selection procedure and notification of offer. The Headmaster will ensure that records are kept of all key stages in this process.

7.3 - Pre-Employment Checks

Before a member of staff is allowed to take up their position, STRS ensures that thorough checks are undertaken to prevent unsuitable people from gaining access to children and to maintain the integrity of the teaching profession. These checks include:

- identity confirmation
- academic qualifications, where appropriate
- professional and character references
- previous employment history
- DBS clearance
- Health Clearance

Detailed procedures are in place for those members of staff who are involved with the appointment process.

7.4 - Starters/variations/leavers

All forms for:-

- setting up new employees on the payroll (starters)
- effecting variations to pay
- taking existing employees off the payroll (leavers)

must be made out by the Headmaster's PA and authorised (signed) by the Chairman of Governors or Headmaster. Such forms must then be actioned via EPM's portal.

7.5 - Time sheets

All time sheets submitted by a member of staff must be checked and then authorised (signed) by the Finance Director, or in her absence, the Headmaster. Authorised time sheets must be submitted electronically and never handed back to the employee.

7.6 - Checking of payroll data

Payroll data received monthly from EPM must be scrutinised by the Headmaster's PA, to ensure all employees are recognised, and pay appears reasonable. She will also check the accuracy of the pay calculations.

7.7 - Pay-related expenses

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system.

7.8 - Supply teachers

The Governing Body will decide, on the basis of advice from the Finance Director, whether supply teacher insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Finance Director, or in her absence, the Headmaster. The Finance Director must check on a monthly basis that correct amounts have been charged as per the EPM expenditure printout.

7.9 - Pay Advances

Pay advances are only made in very exceptional cases and approval is required from the Headmaster. All advances are recovered automatically through the payroll provider.

No other loans or advances will be made to any person unless the Governing Body has given the Headmaster the power to authorise such. Tax requirements will be observed in any such instances.

7.10 - Staff Deductions

All staff deductions, e.g. pension contribution, loans, etc. are notified to the payroll provider using the standard forms. These deductions are collected automatically by EPM and paid over to the relative bodies.

Requests by employees for deductions, e.g. pension scheme, union contributions, etc. must be made in writing. Similarly, any amendments to address, marital status, bank details, etc. must be made in writing.

7.11 - Nominal Roll Check

EPM provide the School with an online nominal roll report for all staff showing their grades, proportion of whole time, allowances, etc. This report is checked on a termly basis by the Headmaster's PA referring to the contracts held by the School, paying particular attention to the following:

- ensuring that all recent changes have been properly actioned
- ensuring that part-time hours have been properly reflected
- ensuring that temporary contracts have been properly set up, i.e. that termination dates are

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- reflected within the payroll system to prevent the overpayment of staff
- ensuring that teaching staff, or non-teaching staff, who are not currently making contributions towards a pension have formally opted out of the scheme

Any errors identified are reported back to EPM to ensure that pay and deductions are consistent with each individual's employment terms and entitlements and vice versa.

7.12 - Payroll Posting

The payroll analysis is posted monthly by the Finance Director onto the FMS accounting package.

7.13 - Expenses – General

It is the policy of STRS that expenses will only be paid in respect of costs incurred while on School business.

All benefits in kind, such as accommodation, use of telephones, vehicles, provision of clothing, equipment, etc., will be paid through the payroll provider to enable taxable deductions to be taken into consideration.

Staff are expected to make only incidental personal use of School facilities, e.g. telephone, photocopier, etc. If any member of staff wishes to make greater use of any facilities they must obtain permission of the Headmaster and a recharge of the cost plus VAT will be made.

7.14 - Travel Expenses

Staff travel expenses which arise as a result of working on School business away from STRS premises are claimed on a monthly basis using an expenses claim form which is duly authorised.

Claims made by the Headmaster are authorised by the Chair of Governors.

For tax reasons, mileage can only be claimed for the excess mileage in traveling to STRS rather than between School and home. Where the Governing Body/Headmaster agrees to pay expenses for any journeys from home to School the claimant will clearly record these and the Finance Director will ensure that the payroll provider treats these as taxable.

Payment is only made when supported by authorised claim forms.

The rates at which mileage and subsistence allowances are paid do not exceed the maximum level of the HMRC Authorised Mileage Rate. STRS is aware that payment may be made in excess of the recommended rate however any element in excess of this limit would be subject to taxable deductions.

No governors' expenses will be paid without the express approval of the governing body.

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- 8. Orders and receipt of goods / services**
 - 8.1** General
 - 8.2** Orders and requisitions (below the contract limit)
 - 8.3** Receipt of goods / services
 - 8.4** Outstanding orders / commitments

8.1 – General

It is the policy of STRS that all dealings with its suppliers and contractors be carried out in such a way as to preserve the integrity of STRS. It is also the policy of the School that best value for money be obtained at all times. Ordinarily this is demonstrated by some form of 'market testing' to secure the best price / quality available.

8.2 - Orders and Requisitions (below the Contract Limit)

Please refer to section 11 on contracting for supplies and services in excess of this limit

The purchase of goods or services below the required contract limit of £50,000 is subject to quotes, as set out in the School's Schedule of Financial Delegation. A specification and at least three written quotes will be obtained for supplies and services between £5,000 and £50,000. Between £1,000 and £5,000, at least three prices, taken from written or verbal quotations or price lists, will be examined and retained. Where quotes are required, orders will only be placed once they have been considered and approval has been obtained from the Headmaster. A potential contract must not be divided in order to avoid the need to implement Contract Regulations. For orders less than £1,000 more than one quote will be obtained wherever possible or appropriate.

All orders must be raised using the official School stationery and should be used for all goods and services.

Telephone orders are not encouraged and should only be used where this is absolutely necessary and authorisation is obtained in advance from the budget holder. These orders should be retrospectively recorded in the accounting package to ensure that all commitments are captured within the budget monitoring reports extracted from the system.

If an order is placed by any other person details must be provided to the Finance Director as soon as possible thereafter so that a proper record can be made.

Internet ordering is limited to items that cannot be purchased through the normal procurement process. Ordering over the internet is normally carried out by the Finance Director, or delegated to one of the finance team when necessary. When ordering over the Internet an order is raised as per procedures above and the official order number is issued to the Internet supplier if possible.

School orders should not be used to obtain goods and services for individuals or other organisations associated with the School.

No individual should purchase supplies or services on behalf of the School unless authorised to do so. Claims for reimbursement of expenses incurred personally may be refused if this requirement is not observed. It is essential for issues of ownership, liability and VAT recovery that it is always clear when an individual undertakes any purchasing or enters a commitment on behalf of the School.

If the supplier appears on the register of business interests and if the Governing Body has not specifically authorised transactions with the supplier, then the prior approval of the Chairman of Governors is obtained and recorded and filed with the register which will be examined at least annually by the Governing Body.

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All orders for a single item, or combined order total must be signed in accordance with the delegation set out in the Schedule of Financial Delegation.

After checking that the requisition has been properly signed, a member of finance team will enter the details onto the accounting package and the original requisition is initialled by them once this has been completed.

The order is then printed from the accounting package and the suppliers' copy authorised in accordance with the governors Schedule of Financial Delegation. Once authorised, the original is issued. To the supplier and a copy of the order is matched to the original requisition and retained in the finance office.

8.3 - Receipt of Goods / Services

Deliveries are handled by the receptionists who sign the delivery note as to quantity of parcels received. They are signing for delivery only and are not responsible for verifying the contents, (unless the suppliers' terms make checks a point of delivery essential), but should ensure the correct number of packages, etc. are received as reflected on the delivery note.

The Designated Budget Holder is contacted as soon as possible following delivery and it is their responsibility to thoroughly check the goods as to quality and quantity against the original order.

The Budget Holder will advise any short deliveries, damaged goods, or other problems or queries with the finance office immediately. The finance office will take appropriate action.

Delivery notes should be given to the finance office to be placed on file with the order copy to await receipt of the invoice.

It is the responsibility of the Budget Holder to ensure that all paperwork relating to accounts matters is forwarded to the finance office without delay. Failure to do this may distort the accounts / financial reports due to incomplete entries and may result in a delay in closing down a month's accounts.

8.4 - Outstanding Commitments / Orders

All outstanding orders are shown on the budget monitoring reports as commitments. In order to ensure that the level of commitments is still appropriate, an 'outstanding order' report is extracted from the accounting package by the finance assistant and reviewed for appropriateness on a monthly basis. Each Budget Holder is contacted and asked to ensure that the items reflected are still expected. The Finance Director clears all cancelled orders from the system.

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- 9. General expenditure controls**
 - 9.1** Invoice authorisation
 - 9.2** Invoice payment
 - 9.3** Payment made by standing order or direct debit
 - 9.4** Proforma invoices

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9.1 - Invoice Authorisation

Designated Budget Holders are responsible for all spending against their budget. They must authorise any payment or deduction from it by means of their signature on the appropriate invoice or form. The Budget Holder must be satisfied that payment is properly due, i.e. that goods/services have been supplied on the terms agreed.

When an invoice is received, it is stamped with an invoice grid stamp.

The invoice details are entered on the invoice register. The invoice and associated paperwork are then passed to the Budget Holder concerned for payment authorisation.

9.2 - Invoice Payment

Once authorised by the Budget Holder, the invoices are returned to the finance office without delay. The finance office holds a list of specimen signatures against which authorising signatures can be checked. The finance office will authorise payment of the invoices on the accounting package providing:

- satisfactory receipt of the goods or services has been acknowledged by the Budget Holder
- expenditure must be properly incurred, as acknowledged by the Budget Holder
- invoices accord with quotations, tenders, contracts or catalogue prices, as acknowledged by the Budget Holder
- invoices are arithmetically correct and checked by the finance officer
- discounts have been taken, where available
- invoices are made out in the name of the School
- invoices comply with VAT requirements

The payment is then prepared by the finance assistant in a weekly cheque/BACS run. The finance assistant presents the cheque/BACS together with all supporting documentation to authorised signatories for signing. Cheques/BACS can only be signed by authorised signatories in accordance with STRS's arrangements with its bankers.

The finance office marks paid invoices with the date of payment and the invoices are filed in cheque sequence and kept within the main finance office.

To ensure that invoices are paid within the settlement terms stated on the invoice or within 30 days from the date of issue the finance officer monitors the unauthorised invoices on the invoice register. Where an invoice has not been returned to the finance office within a reasonable time, the finance officer issues a reminder note to the Budget Holder requesting the return of the invoice. If the invoice is still not returned to the office the finance officer will contact the Finance Director as appropriate. Where authorisation is not possible, due to a dispute/query with the suppliers, details are recorded and retained with the invoice.

Discounts for prompt payment should be considered at all times. If prompt payment would result in discounts likely to be greater than any bank interest gained, then payments should be accelerated to ensure the discount, subject to availability of funds at the time.

9.3 - Payments Made by BACS, Standing Order or Direct Debits

Please refer to Section 3.

9.4 - Proforma Invoices

Requests for staff reimbursement or payment where an official invoice cannot be obtained are supported by an internal proforma with supporting receipts or other documentation attached detailing what was purchased. The proforma invoices are used to record the supply or goods received and the reason for this (e.g. ingredients required for cookery), signed by the member of staff and authorised by the budget holder.

NB: - No individual should incur expenditure on behalf of the School without prior authorisation. If the Finance Director is not satisfied that the expenditure was necessary and/or value for money achieved, the individual may not be reimbursed.

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- 10. Capital income and expenditure**
 - 10.1** General
 - 10.2** Devolved formula capital allocation
 - 10.3** Capital project plan – restrictions on ineligible expenditure
 - 10.4** Property / premises related projects – need to obtain approval from the area Planning Officer
 - 10.5** Accounting for capital expenditure
 - 10.6** Capital expenditure – contributions from revenue

10.1 – General

The staff and governors of STRS will exercise the same controls for capital income and expenditure as required for revenue items.

Please refer to sections 8, 9 and 13 regarding the raising of orders, the authorisation and payment of invoices, and general income controls.

10.2 - Devolved Formula Capital Allocation

On an annual basis, the School receives an allocation of Capital according to the funding formula. This can be spent in the year of allocation or carried forward for up to three years to support the larger capital projects of the School. STRS is aware that any balances not spent within three years may have to be returned to the ESFA

10.3 - Capital Project Plan – Restrictions on Ineligible Expenditure

The Governing Body of STRS has an on-going development plan for the maintenance of the School buildings and other capital projects. This forms part of the School's improvement plan and has been factored into the School's medium term finance plan.

Governors are aware of the need to raise formal contracts for works undertaken in the School, and that, depending upon the value, tenders and not just quotes may need to be obtained. Please refer to section 11 of this manual.

The governors are aware that the DFC allocation cannot be vired into any other areas or used for any form of revenue expenditure, e.g. for redecoration or leasing arrangements (as these items are deemed to be of a revenue nature).

Progress against the 'capital projects' plan and the financial implications are monitored by governors separately from the revenue budget. (Please refer to Section 5.)

10.4 - Property / Premises Related Projects – Need to Obtain Approval from the Area Planning Officer

Before any capital works are undertaken, consideration is given to the need to obtain consent from the Area Planning Officer.

10.5 - Accounting for Capital Expenditure

As the funding for Devolved Formula Capital is received by the School locally, invoices relating to this allocation are paid for directly by the School through its local account.

In addition, the School may be successful in bidding for works through the Capital Programme

10.6 - Capital Expenditure – Contributions from Revenue

The Governing Body is aware that STRS cannot reflect an 'overspend' on capital items. Where the capital costs exceed the available capital resources available, a transfer from revenue to capital will be undertaken to offset the difference. (The cost of projects will have been agreed in advance, along with the sources of funding. The on-going progress of such projects is closely monitored by the School and the Finance Committee on a regular basis.)

The School may also undertake a transfer from revenue to capital in advance of the actual expenditure being incurred where work is imminent. The School would only undertake such a transfer once it is sure that the commitment will occur as it is clear that, once moved into capital, funds cannot be transferred back into revenue.

The governors of STRS are also aware that they are not permitted to enter into any form of borrowing without the approval of the Secretary of State, (Please also refer to Section 3 of this manual.

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- 11. Contracting**
 - 11.1** Compliance with contract regulations
 - 11.2** Contract value and tendering requirement
 - 11.3** Roles required under contract regulations
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 - 11.5** Receipt and evaluation of tenders
 - 11.6** Tendering requirement thresholds
 - 11.7** Contract monitoring
 - 11.8** Leases
 - 11.9** Contract signature

11.1 - Compliance with Contract Regulations

The Governing Body makes its buying decisions in accordance with the principles of 'best value' probity and accountability. Prior to entering into any arrangement with a supplier, STRS will consider the value of any single purchase or on-going arrangement. Where an arrangement requires a contract to be drawn up, or where it is unclear whether a contract is required, or where any purchase is over £50,000 in value, the following guidance is followed. This includes:

- reviewing a pre purchase checklist
- considering the need for a tender process
- ensuring that the School avoids unlawful leases
- considering the employment status of consultants and suppliers being contemplated
- reviewing the risk assessment process
- ensuring appropriate CRB clearance is obtained
- maintaining appropriate contract records

The Health and Safety competence of contractors is assessed.

Only contractors registered with their professional or trade association will be employed to carry out major work at the School. Where practical, work is carried out at the end of the School day (term time), or during holiday periods.

11.2 - Contract Value and Tendering Requirement

Purchases for supplies and services with a total value in excess of £50,000 are subject to a formal tendering procedure. The value is determined by either the total value of the contract where the contract is for four years or less, or the value over a four year period where there is no specified termination date or where this date is beyond four years. It is the responsibility of the Headmaster and the Finance Committee to ensure that such procedures have been followed correctly, prior to agreeing the contract.

11.3 - Roles Required Under Contract Regulations

STRS will appoint the appropriate officers to undertake the required roles within the tendering and contract management process, including a:

Contracting Officer
Contract Director *
Tender Opening Officers

* Who may be an agency appointed by the Headmaster

These roles are also set out within the School's Schedule of Financial Delegation.

The School is required to ensure that there are at least two people available to open and record the tenders that are received (Tender Opening Officers) and that these should exclude the Contracting Officer and Contract Director.

11.4 - Stages in the Tendering Process

The Schools tendering process ensures that all required stages are completed, including:

- A written specification is prepared, by the Designated Budget Holder and authorised by the Headmaster
- The tender document is prepared, by the Contract Director
- A draft contract is prepared, and reviewed (including the mandatory clauses highlighted in Contract Regulations).
- An advertisement is prepared, by the Contract Director. Where purchases exceed £50,000, the School advertises for applications to tender in a local journal with a reasonably wide circulation and/or in the relevant trade or professional journals. Where appropriate, the suppliers invited to tender are drawn from the approved list maintained by the finance office.
- A tender pack is put together, by the Contract Director.
- The advert is placed, by the Contract Director.
- A tender pack is issued to all being invited to tender and those responding to any tender advertisement, by the contract Director including:
- An introduction/background to the project
 - The scope and objectives of the project
 - Any technical requirements
 - Implementation details for the project
 - The terms and conditions of the tender
 - The form and date of response to the School
- A panel is formalised to evaluate the tenders received, by the Contracting Officer
- The unsuccessful tenderers are informed of the School's decision, by the Contract Director.
- A meeting is arranged with the successful supplier and the contract is formalised by the Contracting Officer.
- The contract is signed and issued (the contract must be signed by two people), by the Contracting Officer and Contract Director

STRS acknowledges that, where possible, separation of duties should be maintained between the person signing a contract and the person who would usually sign the corresponding cheques.

The governors of STRS recognise that all contracts with external organisations must be in writing and reflect the following information:

- a description of the service (specification)
- details of insurance minimums (Public Liability - £5,000,000 for any one incident, Employer Liability - £10,000,000 for any one incident)
- CRB checks on all staff / volunteers with contact with the children or their details
- termination clauses
- health and safety requirements
- Data Protection and Freedom of Information
- sub-contracting

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STRS selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account. Consortia are used where they provide value for money.

Suppliers are selected from:

- Business directories
- Trade journals
- Supplier catalogues and mail shots
- information from other Schools
- Information provided by the LEA

11.5 - Receipt and Evaluation of Tenders

Tenders are addressed to the 'Contracting Officer' in a plain envelope marked 'Tender' and must be opened in the presence of the Tender Opening Officers. A tender log is maintained indicating the nature of the contract, the names of the tendering suppliers and the amounts of each tender, together with any appropriate comments.

All tenders are opened at the same time by staff authorised to do so. The following information is recorded:

- The date and time of opening
- The names and signatures of those present
- The value of each tender
- Details of suppliers who declined the invitation, or failed to submit a tender
- Any omissions in the submission, e.g., documents, signatures, missing data

Late tenders are rejected and retained unopened until the contract is awarded. They are then returned to the tenderer with an explanatory note.

Contracts are placed on a competitive basis and the reasons for selecting a supplier are minuted. If the lowest tender is not accepted, this is noted and the reasons for non-acceptance outlined.

The decision as to which tender to accept is made as follows:

- by the Finance, Audit, Risk Management and Health & Safety Committee for budgeted expenditure up to £100,000 with an obligation to report on reasons to the full Governing Body
- by the full Governing Body for budgeted expenditure of £100,001 or more. In this case, the Finance Committee make recommendations as to which tender to accept, except in the case of specific projects where that committee will make recommendations
- by the full Governing Body if the expenditure has not been included in the budget

The following points are considered when deciding which tender to accept:

- Suppliers
 - Qualifications, technical ability and experience

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- Pre sales demonstrations
- After sales service
- Quality procedures
- References from existing customers
- Financial status
- Company search (where appropriate)
- Professional indemnity insurance
- Cost
 - Overall price
 - Unit price for parts of the product or service
 - The possibility of 'hidden costs'
 - Scope for negotiation

11.6 - Tendering Requirement Thresholds

The governors of STRS require a minimum of three tenders for contracts between £50,001 and £140,000. For contracts above £140,001 an EU tender, complying with EU regulations and all relevant legislation.

11.7 - Contract Monitoring

The person appointed as Contracts Director for each contract, is responsible for ensuring service level agreements are in place and that they are monitored and reviewed.

All contractors' work must be closely supervised by the Contracts Director.

The Contracts Director keeps a record of the monitoring undertaken and the results are reported on an 'exception only basis' to the resources committee.

This review of contracts extends to all on-going arrangements with suppliers, regardless of value, e.g. window-cleaning, refuse collection, contracts taken out through the Academy, etc. In considering the options for ICT, telecommunications and payroll, the school takes into consideration the Local Authority's 'Best Value guides' for these areas.

11.8 - Leases

STRS holds a number of leasing / rental arrangements. These are listed on the Lease Register maintained by Finance Director. The School is aware that it is only permitted to enter into operating leases and that all forms of financing are prohibited.

(Please also refer to section 3 regarding credit arrangements.)

11.9 - Contract Signature

All contracts will be signed on behalf of STRS as follows:

- Contracts up to £5,000 – the Contracting Officer;
- Contracts between £5,001 and £10,000 – the Headmaster;

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- Contracts between £10,001 and £50,000 – the Headmaster and the Chair of the Finance Committee;
- Contracts over £50,000 – the Chair of the Finance Committee and the Chair of Governors.

Contents

- 12. VAT**
 - 12.1** General
 - 12.2** VAT returns
 - 12.3** VAT accounting

12.1 - General

The Finance Director is responsible for the administration of VAT within the School's accounting package. This is processed in accordance with the guidance provided by the ESFA.

12.2 - VAT Returns

VAT 126 returns are extracted from the system on a quarterly basis and submitted to HMRC for reimbursement. All claims for reimbursement are prepared by the Finance Officer and reviewed and signed by the Finance Director.

On an ongoing basis the finance team review the 'standing information' held on the computerised system for each supplier to ensure that the details are correct, e.g. that the VAT number is still appropriate and correct.

12.3 - VAT Accounting

The Finance Director ensures that the School has been reimbursed for all VAT due i.e. received payment for all claims submitted through careful monitoring.

The Finance Director also undertakes regular system reconciliations to ensure that the financial package properly reconciles, i.e. that the outstanding VAT claims match the amount reflected in the VAT control account within the financial package. Any discrepancies are addressed Refer also to section 6 to this manual.

STRS has a restriction on VAT claimable to reflect business and non-business income. The calculation underlying this is reviewed annually.

Contents

- 13. General Income Controls**
 - 13.1** Credit Income
 - 13.2** Cash Income
 - 13.3** Banking
 - 13.4** Charging Policy
 - 13.5** Donations
 - 13.6** Cash received from Pupils
 - 13.7** Security of receipt books
 - 13.8** Investment of Funds

13.1 - Credit income

Where payment for goods/services provided by the School is made after the provision takes place.

The Finance Director must ensure that an official invoice is raised in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision.

A file of copy invoices is held in the finance office.

Reminders will be sent after the following periods if the debt remains outstanding:-

- 1st reminder 30 days
- 2nd reminder 60 days

If after 90 days the debt remains unpaid, consideration will be given by the Headmaster and/or Governors to writing the debt off in accordance with the following limits:-

- up to £200 - Head may authorise write-off
- up to £499 - Chairman of Governors may authorise write-off
- Up to £200:- Head may authorise write off
- Up to £499:- Chairman of Governors may authorise write off
- £500 and over:- full Governing Body may authorise write off

However in each case, the possibility of taking legal action to recover the debt must be considered by Head, Chairman and Governors as appropriate.

As well as sending formal reminders, efforts must be made by the School to contact the debtor in order to secure recovery of the debt. If payment has not been received after 30 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

The Finance Director will monitor the credit income of Commercial Operations on a regular basis to monitor compliance with this policy.

13.2 - Cash income

(i.e. where payment is received at the time goods/services are provided).

An official receipt must be issued to the payer at the time the payment takes place, and a duplicate copy retained at the School.

13.3 - Banking

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

13.4 - Charging policy

The full Governing Body will set a charging policy to cover:-

- lettings
- school trips

The charging policy will be reviewed annually by the Governing Body. Charges levied by the School will be in line with this policy.

13.5 – Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

13.6 - Cash received from pupils

Cash received from pupils must be recorded by the issue of a till receipt by the reception staff. On a daily basis the cash collected must be balanced and handed to the Finance office for inclusion in the accounting records.

13.7 - Security of receipt books

All unused receipts and tickets to be used to acknowledge receipt of income, must be held securely in the accounts office.

13.8 - Investment of funds

The School's budget is paid into Lloyds, one of the major banks. Any surplus is held within the designated bank accounts and accrues interest at the designated rate.

The School may deposit funds with Lloyds on short term or fixed term deposit where appropriate, with the express authority of both the Headmaster and the Chair of Finance.

Contents

- 14. School Meals**
 - 14.1** Catering contract
 - 14.2** Free school meals
 - 14.3** Duty meals
 - 14.4** Official functions

14.1 - Catering

STRS contracts out its catering provision to Innovate Services Ltd and the contract is overseen by the Finance Director.

14.2 - Staff Meals

The Catering Director has a list of the duty staff entitled to free meals. This list is reviewed periodically with the Finance Director.

14.3 - Free School Meals

The Catering Director has a list of the pupils that are entitled to free school meals. This list is reviewed periodically with the Finance Director.

14.4 - Other Catering Functions

The Catering Director will liaise the Finance Director weekly to discuss all aspects of the Schools catering, including any hospitality events/functions.

Contents

- 15. Petty Cash**
 - 15.1** Floats
 - 15.2** Expenditure
 - 15.3** Cash Advances
 - 15.4** Income
 - 15.5** Reconciliation

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15.1 – Floats

STRS operates a petty cash float, administered by the Finance Director. Maximum float levels are £500

The petty cash boxes are kept securely locked in the safe when not in use. Cash holdings are kept to a minimum and in accordance with the level set by the Governing Body (as stated in the Schedule of Financial Delegation).

15.2 - Expenditure

Petty cash is paid for claims up to £50. Amounts over £50 are paid by cheque, unless specific authorisation is given by the Finance Director. Both must be supported by a payment request and by receipts. When payment is being made to a member of staff to reimburse expenses or to refund cash purchases, the authority of the Budget Holder is also required. Any repayment requested by a Budget Holder, to themselves, must be countersigned by the Finance Director. Payments should not be made for transactions with regular suppliers, unless extenuating circumstances prevail.

Requests for payment to a third party or staff reimbursement should be made using the relevant standard proforma.

15.3 - Cash Advances

Where a cash advance is provided, there must be a request authorised by the Budget Holder and the sum requested must be within their ordering limits. The recipient of the cash must sign when taking the cash and receipts must be given to the accounts department as soon as the purchase is made. If change is returned the petty cash payment slip must be amended to indicate the correct amount taken.

A Designated Budget Holder signs for cash from their own budget, through signing a petty cash slip, authorized by the Finance Director.

15.4 – Income

When the cash in hand falls below a reasonable level the account will be topped up by the Finance Director. Only cash drawn from the School account will be used for petty cash purposes. All other cash received will be paid into the appropriate account. Personal cheques will not be cashed from petty cash.

15.5 – Reconciliation

The Finance Director ensures that relevant entries are made on the accounting system at least monthly to keep STRS's records up to date. Weekly, and at each top-up, the balance in the petty cash account is reconciled to the physical cash held. The Finance Director reviews these reconciliations monthly and performs ad hoc checks that the receipts and cash held total the float.

The Finance Director will monitor the turnover on the petty cash facility regularly to ensure that it remains at a reasonable level.

Contents

- 16. School Fund Account**
 - 16.1** Accounts
 - 16.2** Signatories
 - 16.3** Final accounts and audit

16.1 – Accounts

The accounts of the School Fund are to be maintained on a day-to-day basis by the Finance Director. All income and expenditure will be entered promptly in the accounts. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements.

16.2 - Signatories

The following are allowed to sign cheques on the bank account:-

- Headmaster
- Deputy/Assistant Heads
- Finance Director

There must be two signatures on each cheque over £100 in value.

16.3 - Final accounts and audit

Final accounts are prepared at the end of the School Fund financial year by the Finance Director. The accounts will be audited by the School's auditors appointed by the full Governing Body.

The audited accounts form part of the School's main financial statements, being part of restricted funds.

School Fund monies must be kept, and recorded, separately from the School's capitation monies and securely held.

Contents

- 17. School Assets**
 - 17.1** Inventory record
 - 17.2** Security of assets
 - 17.3** Removal of assets
 - 17.4** Inventory checks
 - 17.5** Items removed from school

17.1 - Inventory Record

The Governing Body of STRS is responsible for the safe custody of stocks, stores, cash and valuables at the School and in transit. Private property held by the School on behalf of individuals is safeguarded.

All items purchased with a value over STRS's capitalisation limit of £1000 are entered in an asset register. The asset register includes the following information:

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

The Asset Register is maintained within the accounting system and 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 School's financial system and support insurance claims in the event of fire, theft, vandalism or other disasters.

Depreciation rates are agreed by the Finance Committee from time to time.

17.2 - Security of assets

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

All the items in the register are permanently and visibly marked as STRS's property and there are regular (at least annual) counts by the premises team. Discrepancies between the physical count and the amount recorded in the register are investigated promptly and, where significant, reported to the governing body. Inventories of academy property are kept up to date and reviewed regularly. Where items are used by STRS but do not belong to it this should be noted.

17.3 - Removal of assets

Assets may only be disposed of with the prior approval of the Headmaster, up to the value of £500 or the Finance Committee for items in excess of this amount. All disposals are reported back to the Finance Committee at their next meeting. The reason and method of disposal is recorded in the inventory (the entry should not be completely removed from the record at the time that the item is actually disposed of).

Items of significant value which are to be disposed of by sale or destruction are authorised for disposal by the Headmaster and, where significant, are sold following competitive tender. The School must seek the approval of the DFE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence that the School obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as STRS would need to ensure licences for software programmes have been legally transferred to a new owner.

STRS is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other School assets. If the sale proceeds are not reinvested then the School must repay to the DFE a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the Secretary of State.

17.4 - Inventory Checks

On an annual basis the confirmation of the existence, condition and location of a random sample of listed assets is carried out by the School's appointed auditors.

Any discrepancies are noted and brought to the attention of the Finance Director. All discrepancies are investigated and, where the value exceeds £1000 the Finance Committee is notified.

A separate record is maintained that reflects the date that the check was undertaken and the signature of the person undertaking it. This record is retained securely in the finance office safe.

17.5 - Items Removed from School

All equipment taken off site must be initially agreed with the Finance Director and formally recorded in the loans record that is retained within the main office, e.g. computers, cameras, mobile phones, etc. Individuals should sign to acknowledge personal responsibility for items in the possession and must not hand them on to other staff without first obtaining permission to do so and formally recording the transfer. The new 'custodian' must sign to accept responsibility. Items should be logged back in once they are no longer required. For the mobile phone and cameras, separate log sheets are held within the main record. Where assets are removed from the premises, the insurance of the asset must be maintained, and if necessary the members of staff borrowing the item should arrange independent cover. The insurance must cover the transporting of the asset to and from home, as well as the time in their home.

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 are therefore kept under review and any potential benefits discussed with STRS's auditors.

Contents

- 18. Data Security**
 - 18.1** Back up Procedure
 - 18.2** Emergency Recovery Procedure

18.1 - Back up Procedure

All databases are to be backed up as follows:

- Every day a full backup of databases takes place every hour, both onsite backup and off site backup.
- All current and archived paper-based data to be held in either the locked and alarmed Finance Office or the secure archives room.

18.2 Emergency Recovery Procedure

The Network Director and IT team will manage the emergency data recovery process in the event of a loss of data at the School.

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Contents

19. Insurance

19.1 Insurance cover

19.2 Policies held

19.3 Employees use of own vehicles on school business

19.4 Changes to risk exposure and insurance cover requirements

19.5 Claims

19.1 - Insurance Cover

STRS is aware that it has responsibility for ensuring suitable cover for a number of standard insurance policies (material damage, public liability, employers' liability, officials' indemnity, libel and slander, personal accident, fidelity guarantee, money and motor contingent liability). This is reviewed annually by governors to ensure that adequate cover is held.

In addition to the above, the School acknowledges that it has responsibility for a number of optional extensions (balance of risks building and contents, motor, third party hirers, parent teacher associates, school journeys, sickness supply cover and personal accident – pupils)

In deciding which insurance scheme to use, the governors consider the following information:

- the standard and rating of the company
- the overall cost
- excesses due in the event of a claim
- the support available, if required

19.2 - Policies Held

In addition to the policies recommended by the ESFA, STRS has also taken out optional extensions for motor (to cover the School's minibus & staff using their own car for School business), third party hirers (for lettings), and School journeys. A full list of the policies held is retained in the finance office. No governors or members of staff of STRS will give any indemnity to a third party without the written consent of the insurer.

19.3 - Employees Use of Own Vehicles on School Business

All members of staff using their own car for School business must liaise with the Education Visits Coordinator or the Finance Director regarding the current regulations.

19.4 - Changes to Risk Exposure and Insurance Cover Requirements

The Finance Director will notify the insurers of all new risks, property, equipment and vehicles, which require insurance or alterations affecting existing insurance cover as appropriate.

19.5 - Claims

The Finance Director will immediately inform the insurers of all accidents, losses and other incidents, which may give rise to an insurance claim.

Claims under the insurance policy are authorised by the Finance Director prior to its submission to the insurance company.