



Dixons Allerton Academy

Financial Control and Management

Responsibility for Review: Director of Finance

Statement of intent

The Governors (who are trustees of the charitable company for the purposes of charity law and directors of the charitable company for the purposes of the Companies Act 1985) have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise.

The Governors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. They also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that;

- the Academy is operating efficiently and effectively
- it's assets are safeguarded against unauthorised use or disposition
- proper records are maintained and financial information used within the Academy or for publication is reliable
- the Academy complies with relevant laws and regulations.

Signed by :.....
(Principal)

Date:.....

Signed by :.....
(Chair of Governors)

Date:.....

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures and a system of delegation and accountability. In particular, it includes;

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governors
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines delegation of authority and segregation of duties
- identification and management of risks.

In addition, and as part of the Academy's system of internal control, the Governors maintain a risk management process that considers;

- the type of risks the Academy faces
- the level of risks which they regard as acceptable the likelihood of the risks materialising
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise
- the costs of operating particular controls relative to the benefits obtained and that clarify the responsibility of the Management Team to implement the Governors' policies and to identify and evaluate risks for the Governors' consideration
- explanation to employees that they have responsibility for internal control as part of their accountability for achieving objectives
- embedding the control system in the Academy's operations so that it becomes part of the culture of the Academy
- development of systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment
- including procedures for reporting failures immediately to appropriate levels of management and the Governors together with details of corrective action being undertaken.

Procedures

The Finance Committee will meet at

- least once a term
- Ensure that the administration and activities of the Academy and its subsidiaries are at all times within the law and within the aims and objectives of the Academy.
- Set an annual budget for approval by the Governing Body and monitor actual income and expenditure against that budget.
- Consider the termly finance reports and cash flow projections.
- Assess the projected performance for the year, revising the budget where necessary. Ensure that the accounts are examined annually by a chartered accountant and that these accounts and accompanying Directors'/Trustees' annual report are prepared in accordance with charity and company law.
- Carry out financial forward planning to ensure that the anticipated funding from the

Education Funding Agency (EFA), Local Authority (LA) and Third Parties is sufficient to maintain the Academy's financial security.

- Ensure that the most effective use is made of the Academy's income, including any money not required for immediate expenditure
- Ensure that all income due to the Academy is received and monitor the procedures relating to its trading activities.
- Ensure that grants received from the EFA, LA and other bodies are used according to the terms of the grant agreement.
- Ensure that the Academy does not take on any obligations which it may be unable to meet. Ensure that the systems of internal control meet the requirements as outlined in the Academies Financial Hand Book.
- Review capital expenditure proposals.
- Review the draft annual accounts prior to submission to the Governors for approval Review salary proposals other than Senior Management Team salaries.
- Consider the ability, competence and appropriateness of the staff in the Academy's Accounting Department.
- Review the Management Report as issued by the external auditors and ensure that proposed improvements (if agreed) are implemented.
- Review the external auditors' performance. Consider proposals for the appointment of auditors.

The Responsible Officer

The Governing Body will appoint a Responsible Officer who, as a minimum, will undertake a series of detailed tests to confirm the operation of the main financial systems i.e.;

Payroll

- select 5 employees from the payroll and check salary details back to personnel records to confirm that the amount paid is correct
- check 5 amendments to the payroll to ensure that appropriately authorised source documentation exists
- review the final payroll print for one month to ensure it has been appropriately authorised

Purchases

- select 5 payments made within the quarter and ensure;
 - the payment is correctly authorised
 - the payment is correctly recorded in the accounting system the invoice is correctly authorised
 - the invoice agrees to the order
 - that goods or services have been certified as received the order is correctly authorised
 - that the order has been placed with an appropriate supplier
- obtain details of any contracts let with a value over a prescribed limit and review documentation to ensure correct quotation/tender procedures have been followed

- review progress against any significant capital contracts to ensure payments made are appropriate and progress is satisfactory

Income

- review receipts from the EFA and sponsors and check that the amounts received agree to source documentation
- select one category of “miscellaneous receipts” and ensure
 - appropriate action has been taken on any overdue amounts primary records of amounts reconcile to records of monies collected
 - monies recorded as collected have been banked promptly and in full
 - ensure monies collected are correctly recorded in the accounting system

Accounting System

- review bank reconciliations to ensure that they have been correctly prepared and authorized
- Review control account reconciliations to ensure that they have been correctly prepared and authorised
- Review through sample checks the procedures used to prepare financial reports issued to governors and officers of the Academy and EFA financial returns to be satisfied that they are completed accurately and promptly

Senior Leadership Team (SLT)

The Senior Management Team controls the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them regularly. As a group, the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff through appointment boards. The Senior Managers are the Principal, the Vice Principal, Senior Assistant Vice Principal's and the Director of Finance and Administration.

The Director of Finance & Administration has overall responsibility for day-to-day financial matters and records and for financial reports. This member of staff is directly responsible to the Board of Governors/Finance Committee and attends meetings to present reports, as well as liaising regularly with the chair of those committees.

The Director of Finance & Administration is responsible for;

- the day to day management of financial issues including the establishment and operation of a suitable accountingsystem
- the management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the governing body
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
- the preparation of monthly management accounts
- managing the tender process for capital purchases

- Ensuring the capital reserves are not at risk and are held in safe, interest bearing accounts
- authorising orders over £1,000 in conjunction with budget holders
- signing cheques in conjunction with the Principal or other authorised signatories ensuring forms and returns are sent to the EFA in line with the timetable in the YPLA guidance.

and via The Finance section;

- prepares records of staff wages and makes tax and national insurance payments to the Inland Revenue
- keeps full records of income & expenditure and monitors debt control keeps VAT records and submits quarterly returns to Customs & Excise
- monitors the Academy's financial performance, including undertaking a monthly bank reconciliation and trial balance
- prepares the necessary budget recommendations and detailed financial reports, including cash-flow analysis and projected out-turns, to enable the Senior Management Team to exercise effective control
- prepares financial reports as required by the Finance Committee to carry out its duties
- prepares the annual accounts for examination and submits the final accounts and reports to the Charity Commission and Registrar of Companies
- maintains a register of the charity's assets
- arranges insurance to cover employer's and public liability and risks to equipment.