



# Lanesend Primary School

## Financial Management Procedures Policy School Financial Policy

**Signed:** ..... **Date:**  
(Headteacher)

**Signed:** ..... **Date:**  
(Chair of Trustees)

**Review Date:** June 2023 (Yearly)

**Reviewed By:** Money Group and Board of Trustees

# Lanesend Primary

## Financial Management Procedures Policy

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## INTRODUCTION

The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Academy's Funding Agreement with the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA).

This manual should be read by all staff involved with financial systems.

## GOVERNANCE

Lanesend Primary undertake to carry out the conditions as set out in the Academies Financial Handbook. Lanesend Primary is responsible for ensuring that the school meets all obligations placed upon it by the Secretary of State for Education.

In order to fulfil better the obligations placed upon it, the Governing Body of Lanesend Primary School is divided into the following groups:

- Child Centered Group Teaching & Learning
- Money Group including Personnel,
- Premises and Health & Safety Groups

The full Governing body and the groups meet at least once each term. Minutes are taken of all meetings. All groups report to the Full Governing Body.

### The Governing Body

Each Academy is governed by a governing body constituted under a Memorandum of Association and Articles of Association. The Governing Body should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy, addressing such matters as:

- **policy development and strategic planning**, including target-setting to keep up momentum on school improvement;
- ensuring **sound management and administration** of the Academy, and ensuring that managers are equipped with relevant skills and guidance; ensuring compliance with **legal requirements**;
- establishing and maintaining a transparent system of prudent and **effective internal controls**. (Note that the Academy's annual report and accounts must include a statement on the efficiency and effectiveness of such controls);
- management of the Academy's financial, human and other **resources** (in particular control over the spending identified in the Academy's development plan);
- **monitoring performance** and the achievement of objectives, and ensuring that plans for improvement are acted upon;

- helping the Academy be **responsive to the needs of our families and the community** and making it more accountable through consultation and reporting;
- setting the Academy's **standards of conduct and values**;
- assessing and managing **risk** (including preparation of a statement on the Academy's risk management for its annual report and accounts).
- **MUST** maintain the trust as a going concern
- **MUST** appoint a clerk to the board

The governing body also has a duty to take appropriate action when there are weaknesses in the Academy. Where individual trustees have concerns which cannot be resolved about the running of the Academy or a proposed action, they should ensure that their concerns are recorded in minutes.

NB: All duties and responsibilities of trustees detailed in this handbook apply equally to persons who are not trustees of the Academy but who have been appointed to serve on a group of that Academy in an honorary capacity.

The governing body must appoint a Headteacher to the Academy who may also act as an ex-officio trustee. The Headteacher is responsible for the internal organisation, management and control of the Academy, the implementation of all policies approved by the governing body and for the direction of teaching and the curriculum. The Governing Body should formally delegate these powers and functions to the Headteacher on appointment.

## **Obligations of Trustees**

As academies are companies limited by guarantee with charitable status, the Trustees who sit on the Governing Body are the legal trustees of the charity. This confers certain obligations upon the trustees to protect the assets, property and good name of the charity. The legal requirements of trustees are set out below.

Trustees (trustees) have full responsibility for the charity and must:

- act together and in person and not delegate control of the charity to others; act strictly in accordance with the Academy's governing documents;
- act in the Academy's interests only and without regard to their own private interests;
- manage the Academy's affairs prudently throughout the life of the Academy;
- not derive any personal benefit or gain from the Academy of which they are trustees; and
- take proper professional advice on matters on which they are not themselves competent.
- Inform Members about trust business

In managing the Academy's finances trustees must:

- make sure that bank accounts, financial systems and financial records are operated by more than one person;

- make sure that all the Academy's property is under the control of the trustees;
- keep full and accurate accounting records; and
- prepare accruals accounts giving a true and fair view of the Academy's incoming resources and application of resources during the year and of its state of affairs at the year end.

In applying the Academy's income, trustees must spend it solely for the purposes set out in the Academy's governing documents and spend it with absolute fairness between persons qualified to benefit from the charity.

## **Conduct of Trustees**

Trustees and staff are public servants and as such must not use public monies or official business for personal benefit. The governing body should avoid obtaining goods and services that include elements of private use or accepting excessive hospitality from prospective suppliers. The Treasury rules about the receiving of hospitality and gifts should be followed, as these rules are there to protect staff and trustees. A register should be maintained to record hospitality and gifts received. This should record, as a minimum, the name of the organisation that gave the hospitality/gift, the date it was received, its nature and approximate value.

Trustees should be aware that the Prevention of Corruption Act places the burden of proof on the recipient of favours.

## **Declarations of Business Interests**

It is vital that trustees and staff act, and are seen to act, impartially. All trustees, trustees and staff are required to complete a declaration of their business interests and identify close family relationships between members. It is also strongly recommended, as a matter of good practice, that the Headteacher and other senior staff complete declarations. Individual declarations should be maintained together in a register of interests. Declarations should include all business and pecuniary (monetary) interests such as directorships, shareholdings and other appointments of influence within a business or other organisation. They should also include interests of related persons such as parent, spouse, child, cohabitee and business partner where influence could be exerted by that person over a trustee or a member of staff.

Where a trustee or member of staff or related person has any interest, either pecuniary or non-pecuniary, in a matter to be discussed at a trustees' meeting the trustee or member of staff must declare their interest and withdraw from that part of the meeting.

Where a trustee or related person has a pecuniary interest in a business, and that interest exceeds limits that may be specified in the Academy's memorandum or articles of association, the Academy must not enter into any contract or arrangement (such as the purchase of goods and service) with that business. For example, good practice would be

that the Academy should not generally be permitted to trade with a company in whom a trustee holds more than 1/100th of the share capital.

It is the responsibility of trustees and staff to ensure their declarations of business interests are kept up to date at all times, and to amend or update them as necessary. There is a standard agenda item at all governing body meetings and sub-committee meeting to declare any changes to their declarations of interests.

## **Payments to Trustees**

It is illegal for trustees to receive any remuneration for their work as trustees, other than payment of all reasonable out of pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings acting in the capacity of trustee of the Academy. Please refer to Trustees Expenses Policy.

In addition, no trustee may hold any interest in property belonging to the Academy. Nor may a trustee receive remuneration in respect of any contract to which the Academy is a party.

However, nothing prevents the payment of trustees for the usual professional charges for business undertaken by any trustee who is a solicitor, accountant or other person engaged in a profession, or by any partner or connected person of his or hers, when instructed by the governing body to act in a professional capacity on behalf of the Academy. This exception is only allowable if:

- at no time a majority of the trustees are engaged in such a professional capacity: and
- trustees withdraw from any meeting at which his or her remuneration, or that of his or her partner / relative, is under discussion.

## **Trustees' Meetings**

It is a requirement of all Academy governing bodies that they meet at least once a term. No business can be conducted at any meeting unless a quorum is present. A quorum is usually three trustees (those with full voting rights) or one-tenth of the total number of trustees with full voting rights, whichever is the greater.

Trustees must appoint a clerk to the full governing body, who must be someone other than a trustee or Headteacher of the Academy.

Each meeting of the Governing Body should consider:

- the financial position of the Academy, including its income and expenditure and financial commitments;
- whether adequate financial monitoring of the Academy's budget and activities is being undertaken;
- progress on any action identified to improve financial arrangements at the

Academy;

- significant contracts proposed to be entered into by the Academy; significant matters affecting the Academy's staff;
- significant matters affecting the pupils' welfare or education; significant matters affecting the Academy's assets e.g. computers etc.

Matters that should be considered by the Governing Body at least once a year are:

- the Academy's goals and how they are being met;
- review of the management structure to ensure it is operating effectively;
- review of the performance of external providers e.g. bankers, services provided under SLAs;
- review and approval of the Academy's annual accounts and report of the trustees;
- review and approval of the financial budget for the following year;
- review and approval of the levels of insurance cover for the Academy's assets;
- findings made by the auditors and the auditor's management letter, and any other financial reviews, and consideration of what actions should be taken arising from their recommendations;
- review of the risks to which the Academy is exposed and determination of whether systems are in place to mitigate those risks.

## **Scheme of Delegation**

The governing body has agreed a formal schedule of matters reserved for their decision, i.e. those which should not be delegated. Beyond this, the governing body has appointed separate groups to deal with specific areas of Academy business, and has determined the delegated responsibilities to be assigned to those groups, to ensure that matters can be dealt with in appropriate detail and with sufficient frequency. Each group is chaired by a trustee who will adhere to its own agreed Terms of Reference. The membership of the group may include persons who are not trustees provided that a majority of the members are trustees. The establishment of groups does not absolve the governing body of its overall responsibility to manage the finances of the Academy.

## **Trustees' Responsibilities for Risk Management**

The Charity Commission requires charities to include a statement in the trustees' annual report confirming that all major risks to which the charity is exposed have been reviewed and systems have been established to mitigate those risks.

Academy trustees need to think about the major risks from the outset in order to make and sign up to this statement. For example, trustees should determine:

- what the major risks are to the Academy;
- what the likelihood is of those risks materialising;
- what would be the potential impact of the risks; and
- what systems have been put in place to mitigate and monitor the risks.



- Termly review of pupil number projections

To assist in this process a tailored version of HM Treasury's document "The Orange Book: Management of Risk – Principles and Concepts" is available to academies.

Trustees will produce a "risk register" which demonstrates the results of the risk assessment process and review annually. The risk management process should include preparation of a 'Contingency and Business Continuity Plan' to deal with crises that could face the Academy.

Trustees must also ensure that the Academy complies with general legislative requirements covering employment, property and health and safety regulations. They also need to think about how they can mitigate against those working for the Academy from acting unlawfully, imprudently or outside the terms of the Academy's governing documents, and are expected to consider whether indemnity insurance should be taken out to cover them against this liability.

Trustees are at risk of personal liability if they cause loss to the Academy by acting unlawfully, imprudently or outside the terms of the Academy's governing document.

## **GOVERNANCE ROLES AND RESPONSIBILITIES**

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

### **The Governing Body**

The governing body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the Academy and the DfE/ESFA and in the Article of Association, however, the main responsibilities include:

- ensuring that the grant from the DfE/ESFA is received according to the Academy's Funding Agreement, and is used only for the purposes intended;
- approval of the annual budget;
- appointment of the leadership team.

### **The Money Commissioning Group (MCG)**

The Money Group is a sub-group of the Governing Body. It has at least three members, usually non-elected, of which one is the Headteacher. The group convenor and members of the group are appointed annually by the Governing Body. The convenor will be

responsible for ensuring effective clerking arrangements for the group.

The group can co-opt other non-elected members, however, these members may not vote for any proposal put to the group.

The main responsibilities of the Money Group are in the Terms of Reference, agreed by the Governing Body. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE/ESFA guidance issued to academies;
- authorising the delegated annual budget allocation to the sub committees
- authorising the award of contracts over £75,000 and to be signed off by Chair of Trustees
- authorising changes to the teachers' pay
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.
- Complete the School resource management self-assessment tool
- Avoid using overdrafts

### **The Headteacher (HT)**

The Headteacher has overall executive responsibility for the Academy's activities including financial activities:

- approving new staff appointments within the authorised establishment, except for any leadership posts;
- authorising contracts up to £75,000 and advise Money Group of the decision of awarding contracts between £40,000 and £75,000;
- authorising purchase orders up to £40,000;
- authorising charge card up to £10,000;
- authorising payments in conjunction with another authorised signatory. Is the Accounting Officer
- Trust funds must not be used to purchase alcohol

### **The Finance Manager (FM)**

The main financial responsibilities of the FM are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- preparation of monthly management accounts to include income and expenditure, budget variance, cash flows and balance sheet;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- authorising purchase orders up to £5,000 in conjunction with budget holders;

- authorising sales invoices up to £15,000;
- to oversee procedures for purchases between £10,000 and £70,778
- to oversee tendering over £70,778
- authorising charge card up to £10,000;
- authorising payments in conjunction with the Headteacher or other authorised signatory
- ensuring forms and returns are sent to the DfE/ESFA in line with the timetable in the DfE/ESFA guidance.
- Is the Chief Financial Officer
- Maintain the Fixed Asset Register

## **Reserves Policy**

The policy of the Trust is to carry forward a prudent level of resources designed to meet the long term needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the ESFA as described in the Academy Trust Handbook.

The reason for this reserve is to provide sufficient working capital, in addition to a financial cushion to deal with any unexpected emergencies, unplanned population growth or reduction, capital maintenance and development projects.

## **Internal Scrutiny & Audit Committee**

Lanesend Primary have established an audit committee within the Money Group. This group of trustees will carry out internal scrutiny in order to deliver objective and independent assurance. Staff who are members of the Money Group cannot participate as members of the group when audit matters are discussed. They may remain in attendance to provide information and participate in discussions. The audit committee's work will focus on providing assurances to the board of trustees and external auditors that risks are being adequately identified and managed. Their work will also include ensuring information submitted to DFE/ESFA that impacts funding is accurate and in compliance with funding criteria. Internal scrutiny covers both financial and non-financial controls and cannot be performed by the external auditor, although can use additional individuals to support internal scrutiny where specialist non- financial knowledge is required.

## **Delivering Assurance**

The Academy Trust will manage this programme of risk review and checking of financial controls by the appointment of a non-employed trustee with an appropriate level of qualifications and/or experience to check the Trust's internal controls, who neither charges, nor is paid by the trust for their work. A peer review with the work being performed by the FM or a suitably qualified or experienced member of the finance team. The Trust will carry out an annual review of the risk register and carry out a programme of work to test the internal financial controls. The self-assessment review of financial management and governance will be used annually as part of the process of delivering assurance. A summary of internal scrutiny checks must be produced for the year ending 31<sup>st</sup> August 2023 to be

submitted to the DfE alongside the annual accounts.

## **Other Staff**

The FM is supported by the Finance Assistant. Other members of staff, primarily the office team, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

## **Register of Interests**

This is one concise document that details anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Academy may purchase goods or services. The register is open to public inspection.

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

The existence of a register of business interests does not, of course, detract from the duties of trustees and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a group. Where an interest has been declared, trustees and staff should not attend that part of any committee or other meeting.

The register of interests **MUST** be kept up to date.

## **ACCOUNTING SYSTEMS**

The new IRIS Financial management system was installed in November 2021 as a result of the cyber-attack. Three integrated software systems comprising of IRIS Financial Planner, IRIS Purchasing and IRIS Financial Accounting aim to support a more automated approach to our financial processes, procedures and monitoring. At the same time Lanesend adopted the DfE's Academies Chart of Accounts (ACoA), using the new nominal system to support better financial reporting to the DfE/ESFA.

Our financial management policy will continue to be updated over the year to incorporate developments and best practice, resulting from the continued use of these systems.

## Transaction Processing

All transactions input to the IRIS system must be authorised in accordance with the procedures specified below.

- Purchase requisitions (PR) are loaded onto the IRIS Purchasing portal by FA (Finance Assistant) or nominated team lead, see table;
- The automated sign-off system sends an email for authorisation to the nominated two signatories – FM then HT.
- Once authorised the PR originator receives an email confirmation of order. If rejected they will be sent further instructions for resubmission or rejection.
- Once authorised the OL (Office Lead) or FA places the order by email/phone/online.
- Order arrives, OL checks it against Delivery Note and updates the IRIS Purchasing system.
- OL receives Invoice and emails directly to the FM & FA for payment.
- FA adds invoices to IRIS Financials system for authorisation and payment.
- FA, FM & HT complete BACs submission and authorisation process via Lloyds online Commercial banking.

TITLE	TITLE
Angela Cordon	LPS_Finance Manager
Debbie Dixon	LPS_Finance Assistant
Tabitha Wren	LPS_Year Lead R
Lucy Wyld	LPS_Year Lead 1
Maryann Price	LPS_Year Lead 2
Ruth Gangonells	LPS_Year Lead 3
Elisa Jones	LPS_Year Lead 4
Dan Owen	LPS_Year Lead 5
Wanda Wall	LPS_Year Lead 6
Laura Strickland	LPS_Admin Assistant
Caroline Sice	LPS_Headteacher
Nikki Napier	LPS_Headteacher
Hannah Holmes	LPS_TAC Team
Andrea Flux	LPS_TAC Team
Zoe Burge	LPS_MSA Team
Paul Volp	LPS_Premises Team
Ian Carrington	LPS_Trustees
Jo Munt	LPS_Admin Assistant

ChargeCard purchases must use the paper-based Purchase Order (PO) system in the front office, due to system capability. All POs must be signed off by authoriser prior to purchase. Once authorised the OL or FA places the order by email/phone or provides a charge card to staff member to purchase authorised goods. A VAT receipt must be attached to the PO and passed to FA as soon as practicable for processing.

## Transaction Reports

The FM will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report will be externally monitored and will include:

- Monthly reports for the payroll and purchases

## See Appendix A: Bank Reconciliation Process Reconciliations

The FM is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared. All monthly reporting will be recorded within the monthly **Accounting Officers Log** and signed by FM & HT. This will include;

- Aged Creditor & aged Debtor reports;

- Payroll control account;
- Monthly Management accounts & balance sheet
- Bank Reconciliation report linked to the bank statement.

Any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher. The Headteacher will review and sign all reconciliations as evidence of this review.

## **Financial Planning**

The trustees believe that the budget supports the needs of the school, to include the curriculum, the School Development Plan and the resources required to deliver these.

## **Annual Budget**

The budget sets out how resources are allocated and provides a mechanism for monitoring expenditure through the year

The FM is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Money Group and the full governing body.

The approved budget must be submitted to the DfE/ESFA by the deadline notified by the DfE/ESFA and the FM is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget reflects the best estimate of the resources available to the Academy for the forthcoming year and details how those resources are to be utilised. There should be a clear link between the planned objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements: review the amount of DfE/ESFA grant receivable;

- review of other income sources available to the Academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the Academy cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

The Governing body should refer to DfE material on improving school resource management when considering the annual budget. Resources include the [top 10 planning checks for governors](#), [good estates management for schools](#), [the organisation self-assessment tool](#), [top 10 estate checks for boards](#), and material on [strategic estate management](#).



## **Profiled Budget**

IRIS Financial Planner enables the budget to be profiled to reflect income, expenditure and seasonal fluctuations. This will allow more effective budget monitoring: a budget deficit in a particular month may be the product of a one-off expenditure item. Conversely, a surplus may merely reflect clustering of expenditure in future months.

A cash flow forecast allows Lanesend Primary to identify whether the budget as profiled is likely to be covered by funds available in any given month. A restriction of spending is recommended on cost centers within the budget by the IRIS Financial software in order to aid spending control.

## **Balancing the Budget**

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

## **Budget Surplus**

If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. Trustees are informed about the intended use of all money carried forward. Any carry forward is mainly used to enable redecoration, repairs and replacements, large purchases, capital projects, provisions for roll/exclusions fluctuations etc.

## **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget is prepared by the FM for approval by the Headteacher, the Money Group and the full governing body. The budget is communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action.

The budget to be approved by the Governing Body by the 30<sup>th</sup> June each year and returned to the ESFA by 31<sup>st</sup> July (unless advised otherwise)

## **Budget Monitoring and Review**

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows trustees, the Headteacher, FM and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. The budget should be seen as a working document, which may need revising and updating throughout the year as circumstances change, following consultation with trustees.

In practical terms, budget monitoring involves producing monitoring reports and drafting proposed plans of action to tackle any significant variances. Monthly reports will be prepared by the FM. The reports detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Money Group. All variances are expressed in terms of both a percentage and monetary variance from the budget.

Any potential overspend against the budget must, in the first instance, be discussed with the FM at the earliest opportunity. It is essential that all orders are entered onto the IRIS Purchasing system so that all commitments are understood when considering future purchases.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vie money from another budget or from the contingency. All budget virements must be authorised in line with the scheme of delegation.

## **PAYROLL**

The main elements of the payroll system are

- staff appointments
- payroll administration
- payments

### **Staff Appointments**

The governing body has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the Headteacher, Money Group who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment other than members of the leadership, whose appointments must follow consultation with the trustees. The School maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified by email or through the Strictly Education portal, to the Payroll service immediately.



## **Payroll Administration**

The Academy payroll is outsourced to Strictly Education.

All staff are paid monthly through the Strictly Education payroll contract. Strictly Education must be advised so that each payroll is updated each month to record the following data:

- New starter details
- Leavers
- Changes to Contract terms
- Absence
- Temporary adjustments (this includes additional hours for which the employee has completed a timesheet which has been authorised)
- Maternity / Paternity leave
- New bank account details
- Additional information

## **Payments**

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total should be obtained from the system. The print must be reviewed and authorised together with authority to release payment by the School. All salary payments are made by BACS. Strictly Education is informed of any errors in the payroll and in instances of overpayment, send letters to the employee explaining the overpayment and details of collection.

The FM produces a reconciliation between the current month's actual and budget estimate for that month. This reconciliation should be reviewed and signed by the Headteacher.

Strictly Education automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable is summarised on the gross to net pay print and BACs run for these amounts is be prepared by Strictly Education once the final payroll report has been checked by the FM and Headteacher.

The FM reviews the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual nominals have been correctly updated.

The FM must ensure that all changes are implemented correctly and notify Strictly Education of any errors. On an annual basis the FM must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on SIMS.

## **PURCHASING**

An Academy uses public funds, so it is vital that it achieves the best value for money from

all purchases, whether they are of goods or services. The DfE guidance on all purchasing and tendering, can be found on [Buying procedures and procurement law for schools - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools).

This means obtaining the correct quality, quantity and time at the best price possible. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance. A large proportion of purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

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

Many of the procedures in this section are there to protect individuals and to ensure that public money is spent without any personal gain.

## Approval of Expenditure

Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

Recurring contracts such as those for catering and payroll will be reviewed for value for money at least every three years or prior to renewal.

## Routine Procedures

### Ordering

Orders must only be used for goods and services provided to the school. Individuals may not use official orders to obtain goods and services for their private use.

### Payment of invoices

1. VAT has been properly accounted for;
2. all supporting documentation (i.e. delivery note and invoice) are uploaded onto IRIS Purchasing system;
3. Authorisers – HT, FA & FM - check the supporting documents and authorised within the IRIS system.
4. Payments are made via Lloyds Commercial Banking online BACS system.
5. In no circumstances will any cheque signatory sign a blank cheque subject to a second signature;
6. In no circumstances will payment be made against statements.

## **Charge Card Purchases Issue of Cards**

The School charge card will be used only by authorised staff. The Trustees and Headteacher will be responsible for authorising the issue of any cards to staff members, or withdrawing cards from use.

### **AUTHORISED CHARGE CARD HOLDERS AS AT 01/09/22 are HT and FM**

Card must be signed immediately on receipt. The set credit limits (currently £10,000 per cardholder) will be adhered to at all times

## **Conditions of Use of Commercial Cards**

- The Charge Card will be used when there is no alternative purchase path.
- Any goods or services purchased with charge card should be for School use only and NOT personal use. Using it for personal use will result in disciplinary action.
- Any expenditure incurred against charge card should be authorised by the budget holder and Headteacher.
- The card must not be used to withdraw cash, except in an emergency e.g. school trip.
- All items must be delivered to the school, unless there are no alternatives.
- Invoices must be VAT invoices where appropriate.
- Receipts must be kept and handed to the Finance Assistant.
- The Charge Card can only be used after authorisation through the IRIS Purchasing system.

## **Monitoring and reconciliation of Commercial Cards**

- The full balance is paid each month by direct debit.
- Each month the FA will collate the paperwork relevant to the items that appear on the statement. Any discrepancies must be investigated and any unauthorised expenditure flagged to the Headteacher immediately.

## **Safe Keeping**

- The Charge Card must be kept secure at all times and in the school safe when not in use.
- A written record of PIN numbers must be kept in the safe.
- If the named person leaves the FM/Headteacher will advise the commercial card company to block further transactions against that card and the card must be destroyed.

## **Loss or theft of commercial card**

If a charge card is lost, the cardholder must contact Lloyds immediately. A delay in contacting the bank may result in unauthorised use of the credit card for which the Academy may hold the card use liable. The FM and Headteacher must also be notified as soon as possible after the loss is discovered.

## Tendering Rules and Procedures

All tendering must comply with the latest DfE guidance, which can be found on [Buying procedures and procurement law for schools - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools).

### Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the FM how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**Restricted Tender:** This is where suppliers are specifically invited to tender and an Invitation to Tender is issued. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available, or extreme urgency exists,
- additional deliveries by the existing supplier are justified.

### Preparation for Tender

Full consideration should be given to identify and include relevant items from the following:

- objective of project / contract
- overall requirements
- service to be provided
- quantity
- technical skills required
- after sales service requirements
- form of contract.

- total contract price with breakdown of price to specific elements of the works
- timescale and contract duration
- Information and monitoring requirements
- Health and Safety considerations
- Insurance requirements
- Payment arrangements
- Logistical details

It is recommended that all requirements are ranked (e.g. mandatory, desirable and additional) to assist in the decision making.

## **Tender Acceptance Procedures**

1. All tenders should state the date and time by which the completed tender document should be received by the Academy.
2. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents and must be sent to the school.
3. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening.
4. Tenders received after the submission deadline should not normally be accepted and only done so with approval of the trustees.

## **Tender Opening Procedures**

All tenders submitted should be opened at the same time in the presence of at least two people.

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

## **Tendering Evaluation Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and a report should be prepared for the Money Group highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the DfE/ESFA, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

## **Factors to consider**

### ***Financial***

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

### ***Technical/Suitability***

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

### ***Other Considerations***

- Pre sales demonstrations After sales service
- Ability to meet timescales and contingency planning
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

A formal report should be prepared summarising the above. Where it is recommended that the lowest tender not be accepted, the rationale behind the decision should be documented.

No work may commence until formal letters of approval are issued.

## **Major works and/or services**

For major works the academy may choose to appoint Consultants to manage the tender process. In such circumstances they must ensure that the consultants follow the required tendering procedures.

The consultants draw up the specification identifying the work to be performed in conjunction with the Headteacher, and any other person with relevant interest depending on the work to be done, e.g. Senior Leadership Team, HR & FM, and Site Manager etc.

## **Emergency Decisions:**

If an urgent decision is necessary and it is not practicable to call a meeting of the appropriate group, then a decision may be taken by either the Chair of Trustees or the Vice Chair in their

prolonged absence.

Emergencies include urgent matters of Health and Safety, and matters, which affect the normal operation of the School.

## **INCOME**

Income is mostly received online directly into our bank account, with a remittance advice slip emailed to notify payment. Cash is no longer taken and all parent payments are made via the online SchoolMoney system. Any cheques received are banked as soon as practicable. Frequent and regular checking against bank records is important to ensure that all income is secure. It is also important that the Academy does not exceed its insurance on holding cash on school premises; this figure is currently £5,000.

### **Sources of Income**

Income can come from a variety of sources, but falls into two major categories of:

- Core external income
- School generated income.

### **Core Income**

The main sources of income for the Academy are the grants from the DfE/ESFA – this is the General Annual Grant (GAG) and is received each month. The receipt of these sums is monitored directly by the FM who is responsible for ensuring that all grants due to the Academy are collected.

### **Additional income**

Funding for statemented children is paid by the Isle of Wight Council and needs to be applied for.

### **School Generated Income**

The Academy also receives income from:

#### **Parents**

Paying for:

- breakfast club
- after school club
- after school activity clubs
- school trips
- uniform
- music tuition
- fundraising
- school meals

## **Breakfast Club and After School Club**

- A child is booked online by the families, they pay as they book
- Texts are sent weekly to advise of money due, if they have been booked for in class and not paid for
- FM to monitor weekly for non-payments via reports from School Money.
- Finance Assistant to send out a weekly reminder text to non-payers using notifications from School Money.
- Finance Assistant to send a monthly statement to parents. FM to advise the HT of any serious non-payers.
- Names will be removed from the register and bookings won't be taken for those who don't pay as they book, unless they pay by childcare vouchers.

A charging policy ensures that the Academy has a rational approach to setting charges for the many of the above items. In developing the policy trustees must decide on the level of profit (if any) and the suitability of charges in relation to other providers. The Academy's charging policy has been determined by the Money Group. Families pay by School Money, and in rare instances by cash or cheque.

The FM monitors outstanding monies owed on a weekly basis and will contact the relevant parents to chase payment.

## **Hire of premises to third parties**

All lettings of school facilities must be at the rates formally approved by the Board of Trustees. Free use and charges below economic cost should not be permitted without the express permission of the Headteacher or relevant group.

The FM considers all enquiries and the level of costs involved before granting a booking. Letting rates are subject to review by the Money Group.

All hiring of school equipment and facilities will be recorded in the diary kept by the FM. The lettings diary and the lettings planner are subject to review to ensure that all lettings have been correctly invoiced and monies received.

When a letting is provisionally booked the hirer must complete a hire form. An invoice will be raised for the appropriate fees.

## **Pro-actively applying for Grants**

These may be available from central or local Government, Corporations, the National Lottery and charitable Trusts.



## **Donations**

The majority of donations are given by the Academy's LEAF group but can also come from Corporations and Trust funds.

## **Fundraising events**

Periodically the school will organise fund raising events that support national fund raising events such as Children in Need and Comic Relief. All money collected is counted with two members of staff present.

If LEAF hold a fund-raising event it is the responsibility of the event organiser to control the funds prior to them being handed to School Staff. If the cash raised is to be held by the school for safe keeping, then it must be counted with two people present, one of whom is a member of staff.

Non-school funds must be recorded as a liability on IRIS PSF until the money has been paid out of the school account

## **Irrecoverable debts**

When an invoice has been raised it should be regularly reviewed to ensure income is received in a timely manner, which should be within 30 days.

If all appropriate attempts to recover debts have been made, and have proved unsuccessful, they should be written off but only in accordance with Academy regulations and records all sums written off. Academy staff must not write off debts without appropriate approval

Irrecoverable debts may only be written off in accordance with the following approvals:  
The Headteacher can waive or reduce the debt, where it is believed the debtor is experiencing financial hardship, up to £500. Debts of an amount greater than this may only be written-off with the written approval of the Money Group.

## **CASH MANAGEMENT**

### **Bank Accounts**

The opening of all accounts must be authorised by the governing body which must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements.

The Academy has two bank accounts and public and non-public funds are separated in the nominal ledger.

The bank has been informed that the school is not allowed to borrow funds and that no account should be allowed to become overdrawn. The school will not enter into any loan

arrangements without the prior approval of the Secretary of State.

Any cash &/or cheques are locked in the school safe prior to banking to safeguard against loss or theft.

## **Payments and withdrawals**

All withdrawals from Academy bank accounts need the signatures of two of the following authorised signatories:

- Headteacher;
- Finance Manager
- Office Lead
- Finance Assistant

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the Academy. Authorised signatories should not sign a payment relating to goods or services for which they have also authorised the expenditure.

Academy procedures ensure that supporting documents, e.g. invoices are made available to authorised signatories, to safeguard against inappropriate expenditure. All payments are authorised by two signatories within the IRIS Financials system, for cheque or BACs payments.

Cheques are not pre-signed.

## **Deposits**

Any monies received in school must be paid into the bank as soon as is practicable using the Bank's paying-in slip, ensuring cash and cheques are entered on separate slips. The name of the drawer is recorded in the paying in book. Where unusually high levels of cash are received these are banked sooner, e.g. school fayre

## **Bank Reconciliation**

Bank reconciliations are a key element of financial control, since they can prove the accuracy of the accounts.

Bank statements are obtained monthly. The school has access to online banking and therefore can review the bank account on an ad hoc basis as required.

The bank reconciliation is completed monthly by the FM who is not responsible for the processing of either receipts or payments. The Headteacher certifies the bank reconciliations as correct and signs the bank reconciliation.

Reconciliation procedures must ensure that:

- all bank accounts are reconciled;
- reconciliations are prepared by the FM

## Staff Expenses

- Staff are encouraged to use the school charge card. If this is not possible, staff must complete the online authorisation process through the IRIS Purchasing system.
- A VAT receipt for the expense **must** be obtained and the receipt must not contain any personal items. If this process is met expenses will be reimbursed by BACs.

## Mileage Expenses

- Mileage expenses must be claimed on a mileage expense claim form, pre- approved by the Headteacher and returned to the FM who will then process through Strictly Education.

## Cash Shortages

The Academy must avoid its current account going overdrawn.

Similarly, plans should be made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.

## Investment Policy

- If significant balances can be foreseen, steps should be taken to transfer the extra funds to products that will receive a better return. However, consideration should only be given to invest in risk free and immediately accessible deposit accounts.
- The interest rate must be reviewed at least annually and compared with other products available.
- The Governing Body must approve all accounts and investment vehicles.
- The School will have due regard to ethical and environmental issues in selecting investments and will maintain a dialogue with the companies in which they invest with regard to these matters, and will not make investment in tobacco or arms companies
- All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## FINANCIAL CONTROL

The Academy has many systems for processing and recording financial transactions. These extend from petty cash to purchasing, through payroll and contracting services to income collection systems. By building internal financial controls into systems, trustees and staff should be confident that transactions will be properly processed and that any errors or fraud will be detected quickly.

Internal controls include:

- internal checks - the work of one acts as a check on the work of the other and all checks such as bank and cash reconciliation are documented.
- separation of duties - the Headteacher ensures that duties related to financial administration are distributed so that no one person can complete the complete purchasing and payment process.
- systems manuals - clear, readable descriptions of how systems work and who does what;
- Only authorised staff are permitted access to the accounting records which are securely retained when not in use.
- all staff involved with financial administration receive basic training and are familiar with the operation of the computer
- a system of authorisations - each transaction is authorised before passing on to the next stage of the process.
- Any alterations to original documents such as cheques, invoices and orders will be clearly made in ink or other permanent form initialed. 'Copy Invoices' will be marked 'Copy Invoice, Not Previously Passed For Payment'
- a clear audit trail covering all stages of a transaction, for example from purchase order to invoice, to accounts, to cheque, and in reverse.
- All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy for six years, plus the current year, in a secure area.
- The Headteacher ensures that all expenditure from sources of earmarked funds is accounted for separately and that the funding is used for its intended purpose.
- The Headteacher/FM ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing. Knowledge of the financial processes is shared between the FM and office team.

## TAX

- The Headteacher is responsible for ensuring that all relevant finance and administrative staff are aware of VAT and Income Tax.
- The Finance Assistant will check the calculation of the correct rate and amount of VAT on each invoice.
- The Finance Assistant and FM will also check that VAT invoices show a VAT number and the FA will enter on the IRIS PSF system.
- The school makes a monthly claim for a VAT refund from HMRC. The FM is responsible for chasing HMRC in the event of a delayed refund.

- The FM is responsible for coding the invoices.
- The FM will enter VAT codes for charge card receipts.

## **VOLUNTARY FUNDS**

Voluntary funds provide the Academy with an additional source of income. Although such funds are not public money, the standards of financial accounting that apply to income and expenditure for the school's delegated budget are also applied to the voluntary funds.

The Headteacher will ensure that voluntary funds are accounted for separately from the school's delegated budget via coding on IRIS PSF. Any income that properly relates to the school's delegated budget will not be credited to the voluntary fund e.g. income from letting school property.

## **SECURITY AND MANAGEMENT OF ASSETS**

### **Fixed Assets**

The School has attractive and portable items of material and equipment ranging from library books to computers, camcorders and televisions. It is important that these assets are kept identified as school property, kept securely and correctly recorded. Where items are used by the academy but do not belong to it this should be noted. The register should be maintained on a regular basis.

### **Asset register**

All items purchased with a value over the academy's capitalisation limit of £250 must be entered in an asset register which records key information about the item.

The Asset Register helps to:

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

### **Disposals and Write-offs**

- Items will not be disposed of other than in accordance with guidelines stated in the School's Scheme of Delegation.
- Where significant, items should be sold following competitive tender.
- All write-offs and disposals will be reported regularly to the Money Group. Disposal

of equipment to staff is not encouraged.

- The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the DfE/ESFA a proportion of the sale proceeds.
- All disposals of land must be agreed in advance with the Secretary of State.

## **Loan of Assets**

Items of Academy property must not be removed from Academy premises without the authority of the Headteacher. A record of the loan must be recorded in the loan book and where items on are long term loan then it is recorded in the individual's HR file.

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

## **Security of assets**

- Stores and equipment must be secured by means of physical and other security devices.
- High value items or those that are vulnerable to theft are permanently marked as property of the Academy.
- Only authorised staff may access the stores.
- All items are counted at least annually and discrepancies investigated.
- Cash and blank cheques are kept locked in the school safe.
- One safe key is removed from the school overnight, the second safe key is securely locked up in the school.
- Any losses are immediately reported to the FM/Headteacher.

## **Data Security**

The Academy is now fully reliant on computers to process and record personal, financial and other management data. The school employ SchoolCare to manage their online security and backup to a datacenter. Most of the controls in this section therefore cover access to data held online. It is important that management information is properly protected from unauthorised access and It is also important that the Academy has a recovery plan to ensure continuity of financial management in the case of an emergency.

## **System Access**

- Entry to the IRIS PSF system is password restricted and access is controlled by the FM and FA.
- It is necessary on some systems used at the Academy that different levels of access are possible and implemented, to ensure that no one has inappropriate access. Graded access could, for instance, allow a member of staff to read but not alter

records as is the case on IRIS PSF.

- The FM is responsible for setting access levels for all members of staff using IRIS PSF.
- Passwords should be changed periodically and cancelled when a member of staff leaves.

## **INSURANCE**

- The adequacy of insurance/Risk Protection Arrangement (RPA) is reviewed annually by the Money Group in line with the requirements contained within the Academies Financial Handbook. As at 1<sup>st</sup> September 2022 insurance is held with Zurich for a 3 year period
  - The school immediately informs the Insurance Company/Third party Administrator (TPA) of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy/Risk protection Arrangement are authorised by the Headteacher prior to submission to the insurance company/TPA.
  - The school will not give any indemnity to a third party without the written consent of their insurers.
  - The Academy will notify its insurers/TPA) of all new risks, property and equipment which require insurance or of any other alteration affecting existing insurance.
-

## Appendix A: Banking Reconciliation Process

### Salary and bank reconciliation process

- Any staff updates are entered onto SIMS – e.g. enter any new staff pay codes
  - Salary reconciliation is done uploading a transfer document from Strictly Education R2 spreadsheet into the IRIS Financial Accounting system.
  - Bank statement check
  - Charge card statement & corresponding receipts
  - Assign nominals to SchoolMoney payments and input income into IRIS. Print reports for inspection.
  - Advise Finance Assistant of any payments in via S/O or online.
  - Advise SEN of any SEN expenditure for the provision map.
  - Check invoices have been paid, which are owed to us – attach.
  - Chase any outstanding invoices.
  - Add any new suppliers to IRIS purchase accounts. Ensure all VAT codes are added otherwise can't claim.
  - Ensure all entries coded to correct VAT code
  - Ensure all bank statement line entries are within the IRIS Financial Accounting
  - Separate any non-school staff fund or charity income, to show as liability on balance sheet. Separate nominals have been established under liabilities to keep non-school finance separated.
  - Bank rec as above for act number 2
  - Check for any cheques not cashed yet
  - Check invoices for any duplicates
  - Check crossover spreadsheet for income/expenditure which crosses the years
  - Check CCA code on TB balances to aged creditor report reports-new reports- acts payable-supplier analysis-aged creditor – select period working to
  - What is Act 2 income/expenditure which needs taking out
  - Update account 2/surplus spreadsheet
  - Are we due SEN funds? Is it correct?
  - PPG – correct?
  - Month 12 TB print and attach
  - VAT 126 report and send to HMRC for claim (ensure the VAT codes are in suppliers as otherwise unable to claim)
  - Close period
  - Chase debt!
  - Any SIMS leavers to be keyed once salaries are processed
  - Print the TP payslip and file
  - Email finance spreadsheet, TB for month and month 12 to Chair of Trustees
  - Fixed assets register and depreciation calculations
-



## **Appendix B: Banking Procedure**

For audit purposes and to protect ourselves and any queries from families we need to introduce a new procedure.

Before anything is sent to the bank it must be reconciled against the money received on SchoolMoney

- All parents are requested to pay online via SchoolMoney, as the school is now cashless.
- If money (cash or cheques) are taken from families – in unique circumstances – it is logged on SchoolMoney with the date received.
- Money is placed in safe
- Money is banked the same way as now, as soon as practicable (or more frequent if over £3k in safe)
- Before sealing the bag all paying in slips must balance with the total money received on the report from School Money for that period of time, since the last banking took place
- This will provide a double check that all money received has been logged and that all money received goes to the bank. If it doesn't balance then the money needs to be traced.
- We will continue to count the cash and complete the paying in slips as normal.
- After each time the banking has taken place the only money left in the safe should be the £50 change tin.
- If there is a mismatch, between money recorded and cash received, it must be reported to the FM for investigation.