



**NEW VISION  
TRUST**  
GOING FURTHER TOGETHER

# Financial Regulations Policy

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New Vision Trust

<b>Committee:</b>	<b>Trust Finance and Audit Committee</b>
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<b>Associated documentation</b>	
<b>Academy trust funding agreement</b>	
<b>Academies Financial Handbook</b>	
<b>Academies Accounts Direction</b>	
<b>Scheme of Delegation</b>	

This document sets out the regulations for the academy trust

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## Introduction

1. The purpose of this manual is to ensure that all the schools within the Multi Academy Trust (MAT) maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).
2. The academy trust must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.
3. This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

## Roles and Responsibilities

4. The trust through the terms of reference have defined the responsibilities of each person involved in the administration of trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees, governors and staff. In summary the key responsibilities are listed below but reference should be made to the full terms of reference agreed annually by the Board.

### The Trustees

5. The trustees have overall responsibility for the administration of the trust's finances. The main responsibilities of the trustees are prescribed both in the Funding Agreement between the trust and the ESFA and through both Company and Charity law. The main responsibilities include:
  - ensuring that grant from the ESFA is used only for the purposes intended;
  - approval of the annual budget including the staffing establishment;
  - appointment of the, CEO, Headteachers, CFO and SLT.
  - To authorise expenditure and applications for grants above the level of delegated authority of committees.
  - Trustees agree annually on the Scheme of Delegation of Financial Powers to the, CEO, Headteachers, CFO and Business Managers.

### The Local Governing Body

6. The Local Governing Board have overall responsibility for the administration of the School's finances. The main responsibilities of the Governors are prescribed both in the Funding Agreement between the School and the ESFA and through both Company and Charity law. The main responsibilities include:

- ensuring School-level resource is applied appropriately;
- consideration of the School's required funding and support to the Trustees in relation to the annual budgetary process;
- seeking value for money and being able to demonstrate that value for money has been achieved;
- monitoring and reviewing expenditure on a regular basis and ensuring compliance with the overall financial plan for the School;
- maintenance of proper accounting records and the preparation of income and expenditure and balance sheets as required by the Business Manager;
- assist the Trustees in complying with the provisions of the Funding Agreements where requested from time to time;
- maintenance of or putting in place appropriate arrangements for the maintenance of the Academy estate in accordance with the guidelines established by the Trust;
- implementation of Trust's procurement policies insofar as they impact on the School;
- manage the School's cashflow and monitor expenditure by the School in accordance with policies determined by the Trustees;
- notify the Trust of any changes to fixed assets used by the Academy;
- observing proper levels of delegation and protocols, in conjunction with the Chair of the Trust Finance and Audit Committee ;

## **The Trust Finance and Audit Committee**

7. The Trust Finance and Audit Committee is a committee of the Board of Trustees. The Trust Finance and Audit Committee meets at least termly but more can be arranged if necessary. The financial responsibilities are summarised below:
- Oversight of the operation of the Trusts Financial procedures and transactions through review of reports
  - the initial review of the annual budget and recommendation to Board of Trustees including staffing establishment.
  - the regular monitoring of actual expenditure and income against budget and compliance with funding agreement;
  - to ensure the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to academies and recommend them to the audit and risk committee.
  - Exercise delegated powers as set out below in approving expenditure, banking arrangements and asset write-offs.
  - To ensure the external auditor is suitably qualified, independent and providing the correct service to the Trust.
  - review and report on the internal control framework and its effectiveness
  - To assess risks to the organisation, maintaining the risk register and reporting to the Board.
  - To handle allegations from whistle-blowers

## **The HR Committee**

8. The HR Committee is a committee of the Board of Trustees which meets at least once a year. The responsibilities of the committee are set out in the written terms of reference authorised by the Board of Trustees. The main financial responsibilities include:
- To review pay policies, ensuring they are statutorily compliant and make recommendations to the

Board and ensure they are applied equitably and consistently for all staff.

- To approve pay increases and ensure they are linked to the trusts appraisal policy.
- To review staffing structure in respect of pay relativities of posts in the structure.

### **Chief Executive Officer**

9. The Chief Executive Officer (CEO) as Accounting Officer has overall executive responsibility for the trust's financial activities.

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them in conjunction with the Headteachers
- authorising contracts within the budget in line with the approved Scheme of Delegation
- signing cheques or authorising BACs in line with the approved Scheme of Delegation
- Ensuring the systems of internal control are maintained.
- Annual review of contracts and supplier with turnover exceeding £50,000

### **Headteachers**

10. The Headteachers of each school are responsible for ensuring the schools remain within their budgeted expenditure. They also have the following responsibilities.

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them in conjunction with the CEO.
- authorising contracts within the budget in line with the approved Scheme of Delegation
- signing cheques or authorising BACs payments in line with the approved Scheme of Delegation

### **Chief Financial Officer**

11. The chief financial officer (CFO) is a corporate officer primarily responsible for managing the financial risks of the MAT. The CFO is also responsible for financial planning and record-keeping, as well as financial reporting to Trust Board.

- Devise appropriate accounting procedures to control, monitor and disburse each School's budget including routine financial arrangements.
- Develop and update the computer-based financial and management accounting systems for the Trust and each School.
- To prepare and submit the necessary documentation for the recovery of VAT.
- Contribute to the development and review of a 3-year strategic business plan ensuring objectives are linked to the overall long term financial plan of the MAT
- Work with the School finance team for the production of monthly management accounts, appropriate reports and financial forecasts for the MAT ensuring timeliness and accuracy.
- Ensure timely and effective availability of financial information for Trustees and provide general support to ensure the effective conduct of their business in accordance with the articles of governance and Financial Regulations Policy.
- Liaise with auditors and facilitate all audit arrangements.

- Advice the CEO and the Board on External and Internal audit arrangements

## **The Finance Function**

12. The main responsibilities of the finance function which includes the Business Manager and other finance staff are:
  - the establishment and operation of a suitable accounting system;
  - resources are being managed in an efficient, economical and effective manner;
  - the management of the financial position at a strategic and operational level within the framework for financial control determined by the Trustees;
  - implementation and operation of rigorous and robust audits and control;
  - ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records;
  - the preparation of monthly and annual financial reporting including management accounts
  - ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

## **Other Staff**

13. Other members of staff will have some financial responsibilities. All staff are responsible for the security of trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the trust's financial procedures.

## **Segregation of Duties**

14. Within the Trust, segregation of duties is achieved between the Finance personnel, Business Manager, CFO and Headteachers and is achieved through the controls set out in this regulation.

## **Register of Pecuniary Interests**

15. 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 governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the trust may purchase goods or services. The register is open to public inspection.
16. The register should include all business interests such as directorships, shareholdings or other appointments of influence. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
17. The existence of a register of business interests does not, of course, detract from the duties of Trustees, Governors and Staff to declare interests whenever they are relevant to matters being discussed by the Trustees, the governing body or a committee. Where an interest has been declared, Trustees, Governors and Staff should not attend that part of any committee or other meeting.

## Third Party transaction

18. Academy trusts must be even-handed in their relationships with connected parties by ensuring that:
  - trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements
  - all members, trustees, local governors of academies within a multi-academy trust, and senior employees have completed the register of interests retained by the trust, in accordance with Academies Handbook sections 3.1.16 to 3.1.19, and there are measures in place to manage any conflicts of interest
  - no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
  - there are no payments to any trustee by the trust unless such payments are permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. Trusts will in particular need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest
  - the Charity Commission's prior approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee
  - any payment provided to the persons referred to in the Academies Handbook section 3.2.2 satisfies the 'at cost' requirements in this handbook
19. The board of trustees must ensure that the requirements for managing connected party transactions are applied across the trust. The chair of the board of trustees and the accounting officer (as senior executive leader) must ensure that their capacity to control and influence does not conflict with the requirements laid out in the Academies handbook.
20. Trusts must seek ESFA's prior approval for transactions with connected parties that are novel, contentious and/or repercussive. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the chair of the board of trustees and the accounting officer.



## Financial Planning

21. The academy trust will prepare rolling 3 to 5 year budgets.

### The budget cycle

22. The budget cycle is as follows:

- Autumn term (Sept – Dec)
  - Implementation of current budget plan
  - Monitoring expenditure (continuous-monthly)
  - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
  - Monitoring and Reviewing of year's budget
  - Revised Budget where appropriate
  - Pre-planning new financial year
- Summer term (Apr – Aug)
  - Planning for forthcoming year
  - Preparation and submission of financial budget plan
  - Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

### Budget

23. The Business Manager in conjunction with the Chief Finance Officer (CFO) is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Local Governing Board, Chief Executive Officer (CEO), Trust Finance and Audit Committee and the Trust Board.
24. The annual budget will reflect the best estimate of the resources available to each school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
25. The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of General Annual Grant
  - latest estimate of other ESFA funding e.g. pupil premium, Universal Free School meals or other specific funds
  - 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
  - identification of potential efficiency savings
  - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
  - all carry forward balances
  - any unspent grants from the previous financial year
  - any funds held in Trust
26. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and

expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.

27. If there is a significant (over 10%) departure from the anticipated total budget carry forward this will be escalated to the Trust Board by the Trust Finance and Audit Committee.
28. The approved budget is then entered onto the finance system (PS Financials) at the start of the new financial year.

### **Other Government Funding**

29. In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.
30. The Business Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

### **Other Grants and specific funding**

31. In addition to the GAG funding from the ESFA, the MAT and other government funding, the MAT may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding and Charitable Grants etc. All applications for additional external funding must be approved and supported by the Headteacher. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
32. The Business Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

### **Funds held in Trust**

33. Where funds are held in trust the Business Manager is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

### **Virements**

34. Substantial virements shall be approved and minuted by the Trust Finance and Audit Committee and should be within the agreed criteria and financial limits.
35. The CEO is given delegated power to vire from one budget to another and shall seek approval from the Trust Finance and Audit Committee and retrospectively where the amount exceeds £20,000.

36. Headteachers are given delegated power to vire from one budget to another and shall seek approval from the Trust Finance and Audit Committee and retrospectively where the amount exceeds £20,000.
37. All virements exceeding £20,000 of the budget shall require approval from the Trust Finance and Audit Committee.

### **Revised Year End Forecast**

38. Monitoring and analysis of the agreed budget should be carried out on a termly basis by the CEO and reports forwarded to the Trust Finance and Audit Committee. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Trust Finance and Audit Committee and or where significant staff changes have occurred in-year, then a Revised Year End Forecast should be prepared and approved by the Board of Trustees. This Revised Year End Forecast should then form the basis of analysis of all income and expenditure until the financial year end.

### **Budget Forecast Return**

39. The approved budget must be submitted to ESFA by 31 July each year by the CFO. The CFO is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

### **Monitoring and review (including management accounts)**

40. Monthly reports are prepared by the Business Manager; The reports include:
  - actual income and expenditure against budget (shown as month to date and cumulatively)
  - one page summary highlight and explaining variances of at least 5% or £10,000 (whichever is smaller)
41. Any potential overspend against the budget must in the first instance be discussed with Headteacher.
42. The monthly reports are sent to the CEO and Chair of Trustees.
43. The CEO (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:
  - reviews management accounts
  - reviews compliance against the scheme of delegation
  - reviews transactions for evidence of connected party transactions
  - value for money practice
44. The Accounting Officer has delegated the following responsibilities to the CFO:
  - adherence to tendering policies
  - review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
  - review of trustees/governors' minutes
45. A checklist is completed for each review undertaken.

## Annual accounts

46. The academy trust must prepare annual audited financial statements for the accounting period to 31 August.
47. The accounts are outsourced to our auditors for preparation:
48. The accounts are then submitted as follows:
  - by 31 December – to ESFA
  - by 31 January – published on our own website
  - by 31 May – to Companies House

## Value for money statement

49. As part of the annual accounts the trust must include 3 focussed examples of value for money.
50. The CEO is responsible for collating the examples which are then confirmed by the Trust Finance and Audit Committee.

## Audit arrangements

51. External auditors must be appointed in accordance with the Academies Financial Handbook.
52. The CFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

## Work undertaken during accounting period

53. The Business Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
  - reviewing the structure of the trial balance
  - maintaining a fixed asset register
  - maintaining income and expenditure records (including filing of invoices)
  - reviewing aged debtors for any provisions required
  - maintaining a record of related and connected party transactions
  - control account reconciliations (bank, wages, debtors, creditors)
  - Monitoring & reporting to the Accounting Officer and Board of Trustees

## Work undertaken for the year end

54. The Business Manager is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
  - stock take and including of year-end stock value
  - prepayments for IT licenses
  - prepayments or accruals for grant income
  - control account reconciliations (bank, wages, debtors, creditors)

- close down of the purchase ledgers
- close down of the Sales ledgers and aged debtors
- pension valuations
- pension audit

## Accounts Return

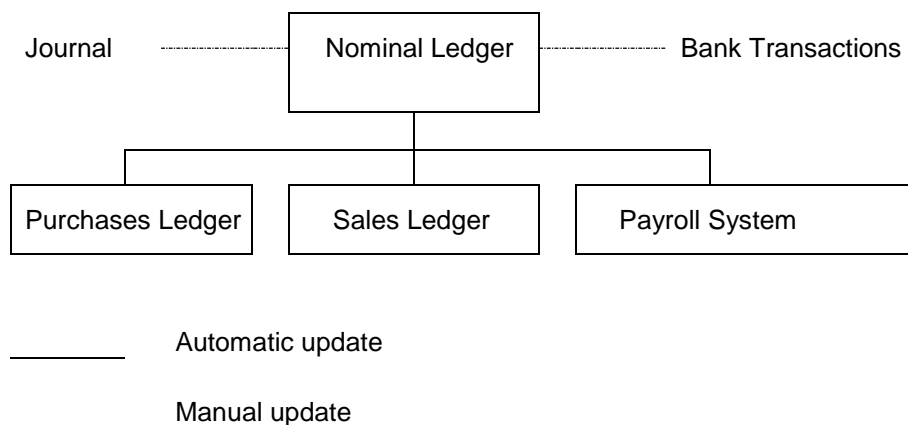
55. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 19 January.
56. The accounts return is outsourced to our auditors for preparation.

## Document retention

57. Documents are retained for the following amount of time:
  - Finance records – current year plus preceding 6 years
  - Supply cover insurance – current year plus preceding 6 years
  - Payroll and travel records – current year plus preceding 6 years
  - Personnel records – 5 years after an employee has left
  - All student files until the student reaches the age of 21

## Accounting system

58. All the financial transactions of the academy trust must be recorded into PS Financials Accounting, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



## **System Access**

59. Access to the system is password restricted to **the Business Manager and Finance personnel**, who others have been authorised by the Accounting Officer e.g. external accounting providers.

## **Back-up Procedures**

60. The accounting system is a cloud based system and backed up by the supplier.

## **Transaction processing**

61. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.

## **Reconciliations**

62. The Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account
  - purchase ledger control account
  - payroll control account
  - VAT control account
  - all suspense accounts
  - bank balance per the nominal ledger to the bank statement
63. The Headteacher signs all reconciliations as evidence of review.
64. Any unusual or long outstanding reconciling items are brought to the attention of Headteacher and dealt with according to the bad debt limits in this manual.

## **Cash Management**

### **Bank Accounts**

65. The following procedures must be followed when opening a bank account and operating it:
- the trust is responsible for selecting the banking institution and negotiating the terms and conditions
  - the Trustees must authorise the opening of all bank accounts
  - the MAT will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
  - terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
  - the trust must inform the bank, in writing, that their accounts must not become overdrawn
  - the trust must ensure there are sufficient funds to cover large payments

### **Deposits**

66. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit

- a reference (for example the number of the receipt or the name of the debtor)
67. The Business Manager is responsible for updating the accounting system (within 2 working days) for deposits placed.

### **Payments and withdrawals**

68. All cheques and other instruments authorising withdrawal from school bank accounts must be in line with the Scheme of Delegation.
69. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust.

### **Administration**

70. The Business Manager ensures bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the academy's cash book at least once a month.
  - reconciliations are prepared by the Finance Department
  - reconciliations are subject to an independent monthly review carried out by the Headteacher
  - adjustments arising are dealt with promptly

### **Petty Cash**

71. Schools do not have an impress petty cash system. Staff are encouraged to use the school purchase card to make small purchases. Where an individual has made a purchase using personal cards, they will be reimbursed on submission of receipts using the PSF invoicing route.

### **Payments**

72. In the interests of security, payments are limited to £50. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

### **E-procurement & Payments**

73. The school credit card is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases.
74. The card is kept in the safe and is only used by authorised staff members.
75. Any department wishing to make a purchase on credit card must complete a requisition form and pass this to the Business Manager, or Admin staff to make the purchase. All requisition forms detailing the purchase must be signed by the Budget Holder
76. When the credit card bill arrives there will be a signed requisition form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.
77. The credit card bill, along with all the relevant requisition forms are then given to the Business Manager who will check the statement and sign an authorisation sheet. The Headteacher will then check a sample of the transactions (minimum of 3 or 20% whichever is the maximum), and sign the

authorisation sheet. These are then filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

## **BACS Payments**

78. On receipt of an invoice, the Business Manager signs the invoice, to signify:
- an official purchase order has been raised for the purchase
  - the delivery note has been checked
  - the delivery is of correct quantity, quality and price
  - it has not been previously paid
  - funds are available in the relevant budget
  - VAT chargeability on qualifying expenditure is shown
79. The payment BACS payment is generated for checking by two signatories who check the payee, amount and ensure that the bank and sort codes have been correctly entered and approve payment by signing the transaction report from the accounting software.
80. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.
81. The Business Manager ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

## **Investments**

82. Investments are made in accordance with written procedures approved by the governing body.
83. All investments are 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.



## **Reserves**

84. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
85. The CEO as Accounting Officer must inform ESFA immediately if a deficit is anticipated.
86. If the academy trust is anticipating a deficit at the end of any financial year, the Trust Board and CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Trust Board must ensure that a recovery plan is submitted and approved by the ESFA.

## **Capital Reserves**

87. It is the responsibility of Business Manager to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## **Payroll**

### **Staff Appointments**

88. The Trustees has approved a personnel establishment for the MAT. Changes can only be made to this establishment with the express approval in the first instance of the Trust Finance and Audit Committee who must ensure that adequate budgetary provision exists for any establishment changes.
89. The Headteacher has authority to appoint staff within the authorised establishment except for Senior Leadership posts whose appointments must follow consultation with CEO and governors. The Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager immediately.
90. The Business Manager is responsible for obtaining the relevant DBS checks and ensuring these are retained on file

### **Payroll Administration**

91. Payroll is administered through the academy trust's payroll provider, Newham Partnership Working.
92. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:
  - salary
  - bank account details
  - taxation status
  - personal details
  - any deductions or allowances payable
  - other legal and relevant details
93. New master files can only be created by the Business Manager with the express approval of Headteacher. Any master file amendments made by the Business Manager must be printed out each month prior to the payroll run and must be authorised by the Headteacher. Any master file

amendments made by Business Manager must be authorised by the Headteacher.

94. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the line manager, prepared by the Business Manager and signed off by Headteacher.

## **Payments**

95. Before payments are dispatched a printout of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation by the Finance Department and then reviewed and initialled by the Business Manager. Authority to release payment will be by Business Manager and the Headteacher.
96. All salary payments are made by BACS.
97. The Business Manager prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed and signed by the Headteacher
98. After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
99. Annually, the Business Manager checks each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

## **Salary advances**

100. The trust does not award salary advances.

## **Overtime**

101. Overtime is recorded by the individual and submitted by payroll provider's deadline.
102. Claim forms must not be submitted prior to work having been undertaken.
103. No payments for work undertaken will be made other than via the payroll system.

## **Severance payments**

104. The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.
105. Where the non-contractual element is or over £50,000 prior approval from ESFA must be sought.
106. The Accounting Officer must sign off and review each business case.

## **Ex-gratia payments**

107. Any ex-gratia payments must be submitted to ESFA for prior approval.

## **Income**

### **ESFA grants**

108. The main sources of income for the academy are the grants from the ESFAs. The receipt of these sums is monitored directly by Business Manager who is responsible for ensuring that all grants due to the academy are collected.

### **Other grants**

109. The receipt of these sums is monitored directly by Business Manager who is responsible for ensuring that all grants due to the academy are collected.

## **Trips**

110. A lead member of finance staff must be appointed for each trip to take responsibility for the collection of sums due. The finance staff must prepare a record for each student intending to go on the trip showing the amount due on the schools electronic payments system.

111. Parents should make payments on ParentMail wherever possible to ensure an audit trail for receipt of monies is evident. Cash payments are accepted via the school office.

112. An up to date record for each student showing the amount paid and the amount outstanding is available to view on the schools electronic payment system (parentpay). Office staff are responsible for chasing the outstanding amounts.

113. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Headteacher in advance of the booking being made.

## **Catering**

### **If cash payments**

114. Cash payments must be reconciled on a daily basis by the Admin Staff to the lunch records and signed as evidence of reconciliation. The school meal numbers and cash totals are then to be entered onto the weekly banking sheet or less frequently when the sum involved is less than £50. The cash is kept in the safe prior to collection for banking. The Business Manager must reconcile the banking sheet to actual receipts banked.

## **If electronic cash collection**

115. The weekly bank credits are reconciled to the ParentMail reports in the first instance. Monthly checks are undertaken by Business Manager and cross referenced to a sample of individual pupils.

## **Lettings**

116. The Business Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities unless expressly agreed by the Headteacher.
117. Details of organisations using the facilities will be held by the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.
118. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

## **Gift aid**

119. To ensure the academy trust, in its position as an exempt charity, receives all the monies it is entitled to:
- reconciles income against records to confirm expected amounts have been received by the donor
  - ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

## **Bad debts**

120. The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issues, by telephone or letter.
121. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Business Manager submits a report to the CEO for approval of write off.
122. The following write off limits apply:
- Up to £499 – Headteacher
  - £500 to £1,000 – Local Governing Body
  - Over £1,000 – Trust Finance and Audit Committee and refer to debt collecting agency

## **Purchasing**

123. The MAT must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:
- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
  - Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs

- Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

## **Routine Purchasing**

124. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder termly.
125. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Department. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with Business Manager. Copies of all quotes must be attached to the order form.

## **E-procurement**

126. Any department wishing to make a purchase on credit card must complete an official requisition form in the usual manner and pass this to the Business Manager, or Admin staff to make the purchase. All requisition forms detailing the purchase must be signed by the Budget Holder.
127. Occasionally the credit card is used to purchase small items, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Headteacher.

## **Orders**

128. All orders must be authorised in line with the approved Scheme of Delegation.
129. All orders must be made, or confirmed, in writing using an official requisition form, stocks of which are held by the Business Manager. Requisitions must bear the signature of the budget holder and must be forwarded to the Business Manager who will check to ensure adequate budgetary provision exists before placing the order.
130. Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Admin Office.
131. The person placing the order must make appropriate arrangements for the delivery of goods to the school. On receipt the Admin office must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
132. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Business Manager should be notified. The Business Manager will keep a central record of all goods returned to suppliers.
133. All invoices should be sent to the Business Manager. Invoice receipt will be recorded by the Business Manager into the Financial Information System purchase ledger module. The Business Manager and Headteacher will check:
  - Invoice is arithmetically correct

- invoice posted to purchase ledger
  - goods/ services received
  - goods/services as ordered
  - prices correct
  - invoice authorised for payment
  - payment authorised
134. The office staff must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Business Manager. Office staff must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
135. If a budget holder is pursuing a query with a supplier the Business Manager must be informed of the query and periodically kept up to date with progress.
136. At the end of each week the Business Manager will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation.
137. The Business Manager will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.
138. BACS payments are input by the Finance Team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).
139. At least three written quotations should be obtained for all orders between £20,000 and £100,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by Budget Manager 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 and made in accordance with value for money principles.

### **Orders over £100,000**

140. All goods/services ordered with a value over £100,000, or for a series of contracts which in total exceed £100,000 must be subject to formal tendering procedures.

### **Find a Tender Service**

141. Purchases over £150,000 are to be dealt with in accordance with FTS

### **Capital works approval limits**

142. Expenditure Threshold	Approval and Oversight by
Capital expenditure up to £50k	HT and LGB
Capital expenditure £50-£250k	HT, LGB ,CEO- reported to Trust Board
Capital expenditure above £250k	HT, LGB, CEO and Trust Board

### **Goods and services for private use**

143. No goods are ordered or services provided to include any elements of private use by governors and staff.

## Forms of Tenders

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

## Preparation for Tender

145. Full consideration should be given to:
- objective of project
  - overall requirements
  - technical skills required
  - after sales service requirements
  - form of contract.
146. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.
147. A tender brief must always be prepared and is reviewed by the CEO

## Invitation to Tender

148. If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.
149. An invitation to tender should include the following:
- introduction/background to the project
  - scope and objectives of the project
  - technical requirements

- implementation of the project
- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

### **Tender Acceptance Procedures**

150. The invitation to tender should state the date and time by which the completed tender document is received by the academy trust. Tenders are submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline are not accepted.

### **Tender Opening Procedures**

151. All tenders submitted should be opened at the same time and the tender details should be recorded. Two members of SLT should be present for the opening of tenders.
152. A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.
153. Contract review should be carried out on an annual basis to ensure the benefits of the agreement is realised and a formal retendering carried out at least once every 5 years to ensure best value.

### **Tendering Procedures**

154. 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.
155. 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.
156. Full records should be kept of all criteria used for evaluation and for contracts over £100,000 a report should be prepared for the Trust Finance and Audit Committee highlighting the relevant issues and recommending a decision.
157. The accepted tender should be the one that provides the best value both economically and quality to the academy. All parties are then informed of the decision.

### **Insurance**

158. The Trust Finance and Audit Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
159. We have opted in to the Department for Education's Risk Protection Arrangement.
160. The Risk Protection Arrangement does not cover the following and each Local Governing Body must make suitable arrangement of cover if required by the school:
- motor vehicle insurance



- work of art insurance
  - engineering inspection and insurance - academy trusts will need to make their own arrangements for statutory inspections with an authorised body
161. Budget holders must ensure all valuable are kept under lock and key when not being used in a supervised manner.
162. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

### **Governors/Trustees Expenses**

163. All Governors/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:
- childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
  - cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
  - the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
  - the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
  - travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source
  - telephone charges, photocopying, stationery, postage etc.
  - any other justifiable allowances
164. The Governing Body and Trust Board acknowledges that:
- Governors/Trustees are not be paid attendance allowance
  - Governors/Trustees are not reimbursed for loss of earnings
165. Governors/Trustees wishing to make claims under these arrangements, must complete a claims form together with the relevant receipts. The form must be submitted to the School Business Manager for Governors and Trust Business Manager for Trustees within two weeks of the date when the cost were incurred, when they will be submitted for approval by the Chair of Governors/Chair of Trust Finance and Audit Committee.
166. Claims will be subject to independent audit and may be investigated by the Chair of Governors (or Chair of Trust Finance and Audit Committee in respect of the Chair of Governors and Trustees) if they appear excessive or inconsistent.

### **Gifts**

167. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the CEO in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement

from the school for items other than travel expenses.

168. Gifts that have been reported are entered onto the gifts and hospitality register.

169. The Academy Trust may only give gifts within the approved limits.

## **Fraud**

170. The trust does not tolerate fraud. Where instances of fraud are identified or suspected by any member of staff, the CEO is informed immediately and they will notify the ESFA in accordance with the requirements of the Academy's Handbook

## **Whistleblowing**

171. The trust must have an adequate whistle blowing policy in place, and also reference raising the issue with the ESFA.

## **Pooling of GAG**

172. A multi academy trust has the option to pool GAG (as per the Academies Financial Handbook).

## **VAT**

### **VAT 126 form**

173. The CFO is responsible for submitting the VAT 126 form per month on behalf of the schools within the Academy Trust.

## **Fixed assets**

### **Asset register**

174. All items purchased with a value over the academy's capitalisation limit of £2,000 must be entered on the fixed asset register with the following details:

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

175. The asset register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse

- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

176. Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

### Depreciation rates

177. Assets will be depreciated on a straight line basis using the following periods according to the asset class:

- |                                    |   |          |
|------------------------------------|---|----------|
| • Building                         | - | 50 years |
| • Computer Equipment               | - | 3 Years  |
| • Fixtures, Fittings and Equipment | - | 5 years  |

### Security of assets

178. All the items in the register are permanently and visibly marked as the academy trust's property.

179. Equipment is, where possible, stored securely when not in use.

180. **The Business Manager** is responsible for ensuring an annual check of all assets. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

### Disposals

181. Disposals, where applicable, are in line with the Academies Financial Handbook.

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

### Loan of Assets

183. 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 a loan book and booked back in academy when it is returned.

184. 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.