

NEWHAM COMMUNITY
SCHOOLS TRUST

NCST Policy: Finance Policy

Applies to: **NCST, NCST Federation, Lister Community School, Rokeby School, Sarah Bonnell School, Eastlea Community School**

Review and approval protocols:

Group/Body and role (annual review in line with Academy Trust Handbook updates)	Date work complete
School Business Managers - review current version against annually updated Academy Trust Handbook	June 2021
CFO - additional review against the requirements of the Academy Trust Handbook	June 2021
Executive Group - high level review once work of SBMs and CFO is complete	June 2021
NCST Resources Committee - review and recommendation of approval to the Trust Board	June 2021
NCST Trust Board - signoff for distribution	June 2021

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Document history

Date	Description of changes	Version
June 2021	The existing Sarah Bonnell Policy has been adapted for Trust-wide use. The new requirements of the Academy Trust Handbook (issued June 2021) have been taken into account. This review was undertaken by the Trust's Chief Financial Officer.	NCSTv1

1. NCST Policy - Finance

1.1. Introduction

The purpose of this policy is to ensure that the academy maintains and develops systems of financial control, which conform with the requirements of propriety, regularity 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).

The Trust must comply with the principles of financial control outlined in the Academy Trust Handbook (also known as the Academies Financial Handbook).

This policy is a framework for sound financial management and boundaries within which the Headteacher, governors and staff can operate. It should be read in conjunction with the Trust's [Financial Regulations Manual](#), published on the Trust's website, which provides an overview of the way in which the Trust manages all its financial processes and compliance.

1.2. The seven principles of public life

The Trust is committed to the 'seven principles of public life' and the ESFA has emphasised that Accounting Officers must adhere to these. These are:

- *Selflessness.* Holders of public office should act solely in terms of the public interest.
- *Integrity.* Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- *Objectivity.* Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- *Accountability.* Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- *Openness.* Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- *Honesty.* Holders of public office should be truthful.
- *Leadership.* Holders of public office should exhibit these principles in their own behaviour.

They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

1.3. Definitions

1.3.1. The meaning of 'member'

The members of an academy Trust have a different status from the trustees. The members are the subscribers to the Trust's memorandum of association, and any other individuals permitted to become members under its articles of association. Members have an overview of the governance arrangements of the Trust and have the power to appoint trustees and remove these trustees.

Members can amend the articles and may do so to support stronger governance arrangements.

1.3.2. The meaning of 'Trustee', 'director' and 'governor'

The trustees are the same body of people as both the directors of the company and the 'governors' of a single academy Trust. These words are used interchangeably.

They are the people responsible under the Trust's articles of association for controlling its management and administration. They have responsibility for directing its affairs, and for ensuring that it is solvent, well-run, and delivering the Trust's charitable outcomes for the benefit of the public.

1.4. Proper and regular use of public funds

The Trust must ensure that:

- Spending of funds has been for the purpose for which the funds were given.
- No Trustee, governor, employee or connected party has benefited personally from the use of Trust funds.
- All trustees have completed the register of business interests and there are measures in place to manage any conflicts of interest.
- There are no payments to any Trustee unless such payment is permitted by the articles of association and, where applicable, comply with the terms of any relevant agreement entered into with the Education Secretary.
- The senior officers' payroll arrangements fully meet their tax obligations and comply with the Treasury's directions regarding the employment and contract arrangements of individuals on the avoidance of tax.
- There is probity in the use of public funds.

- A competitive tendering policy is in place and applied.
- There is no disposal of publicly funded assets without the Education Secretary's consent, where such consent is required.

1.5. Management of Risk

The Trust has in place a policy for the management of risk which includes the requirement for the regular maintenance and review of a comprehensive risk register. The risk register contains details of designated individuals who oversee particular areas of risk. It is presented to the finance committee for discussion on an annual basis or more frequently if the Trust's activities change.

The Trust's risk management policy includes the requirement for a business continuity plan and contingency arrangements which would come into effect in the event of a disaster in order to ensure day-to-day operations are maintained.

The Trust's anti-fraud policy is reviewed on an annual basis and is in place to minimise the risk of fraud or theft within the academy. In the event of a report of potential fraud, the provisions of the anti-fraud policy are invoked.

Risk management arrangements are monitored by the finance committee and reported to the Trust Board at least annually, and more frequently if the academy's activities change.

1.6. Internal Scrutiny

The Trust is required to implement robust systems of internal control and a system of checking financial controls.

The Trust has appointed an independent company to carry out these checks.

The programme of checks carried out is agreed with the Trust Board annually. After each termly checking session, the company provides the Trust Board with a written report explaining any material control issues and remedial action required.

1.7. Roles and Responsibilities

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 roles of the Trust members, trustees, local governing body, CEO and Headteachers regarding Trust finance form part of the published over-arching Scheme of Delegation as outlined in the [Leadership and Governance Decision Planner](#), available on the NCST website.

1.7.1. The Trustees

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;
- authorising expenditure and applications for grants above the level of delegated authority of committees; and
- annually agree the Scheme of Delegation of Financial Powers to the CEO, Headteachers, CFO and School Business Managers.

1.7.2. The Local Governing Body

The Local Governing Board has the lead 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 operation of Local Governing Bodies across the Trust are described in the [Terms of Reference](#), which are published on the Trust's website. 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 School 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 Trust's 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 cash flow 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 School; and
- observing proper levels of delegation and protocols, in conjunction with the Chair of the Trust Resources Committee.

1.7.4. The Trust's Resources Committee

The Trust Resources Committee is a committee of the board of trustees, and has an associated [Terms of Reference](#) which is published on the Trust's website. The Trust Resources 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 the Board of trustees, including staffing establishment;
- the regular monitoring of actual expenditure and income against budget and compliance with funding agreement;
- ensuring that the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to Trusts, and recommend them to the Resources Committee;
- exercising delegated powers as set out below in approving expenditure, banking arrangements and asset write-offs;
- ensuring the external auditor is suitably qualified, independent and providing the correct service to the Trust;
- reviewing and reporting on the internal control framework and its effectiveness;
- assessing risks to the organisation, maintaining the risk register and reporting to the Board; and
- handling allegations from whistle-blowers (if appropriate).

1.7.5. Chief Executive Officer

The Trust's designated Accounting Officer is the chief executive officer who has personal responsibility to the Trust Board, parliament and the Accounting Officer of the ESFA for the resources under their control. The essence of the role is:

- assuring the Trust Board of compliance with the requirements of the Academy Trust Handbook and the Funding Agreement;
- taking personal responsibility for the regularity, propriety and value for money in the use of the Trust's funds;
- ensuring the maintenance and preparation of proper accounts;
- ensuring that the Trust's property is under the control of the trustees and that fixed asset registers are maintained;
- prudent and economical administration;
- the avoidance of waste and extravagance;
- the efficient and effective use of all of the resources in their charge;
- ensuring that procedures for the effective segregation of duties are in place;

- the day-to-day organisation, staffing and management of the Trust; and
- completion and signature of an annual statement on regularity, propriety and compliance.

This role does not remove the responsibilities of the Trust Board/trustees as defined within the Academy Trust Handbook and in the Trust's financial procedures manual.

The Accounting Officer must advise the Trust Board in writing if, at any time, in his or her opinion:

- any action or policy under consideration by the Trust Board is incompatible with the terms of the Academy Trust Handbook, the Articles of Association or any of the Funding Agreements in place at Trust or School level; and/or
- the board appears to be failing to act where required to do so by the terms and conditions of the Academy Trust Handbook, the Articles of Association or any of the Funding Agreements in place at Trust or School level.

If the board proceeds, contrary to the advice of the Accounting Officer, and the Accounting Officer believes that they are in breach of the Academy Trust Handbook, the Articles of Association or the Funding Agreements in place at Trust or School level, the Accounting Officer must advise the ESFA's Accounting Officer of the position in writing.

1.7.6. Headteachers

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 has agreed, which should be approved by them in conjunction with the CEO;
- authorising contracts within the budget in line with the approved Scheme of Delegation; and
- signing cheques or authorising BACs payments in line with the approved Scheme of Delegation

1.7.7. Chief Financial Officer

The Chief Financial Officer (CFO) is a corporate officer primarily responsible for managing the financial risks of the Trust. The CFO is also responsible for financial planning and record-keeping, as well as financial reporting to the Trust Board. Key accountabilities include:

- devising appropriate accounting procedures to control, monitor and disburse each School's budget including routine financial arrangements;
- developing and updating the computer-based financial and management accounting systems for the Trust and each School;
- preparing and submitting the necessary documentation for the recovery of VAT;
- contributing 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 Trust;
- work with the Schools' Finance Teams to ensure production of monthly management accounts, as well as appropriate reports and financial forecasts for the Trust, whilst ensuring timeliness and accuracy;
- ensuring 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.
- liaising with auditors and facilitating all audit arrangements; and
- advising the CEO and the Board on external and internal audit arrangements.

1.7.8. The Finance Function

The main responsibilities of the finance function (which includes School School Business Managers and other finance staff are):

- the establishment and operation of a suitable accounting system;
- ensuring 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; and
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

1.7.9. Other staff

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.

1.8. Segregation of Duties

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

1.9. Register of Pecuniary Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all 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 on the [Key Documents page](#) of the Trust's website. The way in which these declarations are managed is described in the Trust's separate, publicly available [Business and Pecuniary Interests Policy](#) (published on the website). This policy is supported by a [declaration form, published on the Trust's Governance Site](#), which is hosted on the website.

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.

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.

1.10. Related Party transactions

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 Schools within a Trust, and senior employees have completed the register of interests retained by the Trust, in accordance with Academy Trust 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; and
- any payment provided to the persons referred to in the Academy Trust Handbook section 3.2.2 satisfies the 'at cost' requirements in this handbook.

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 Academy Trust Handbook.

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 office.

1.11. Financial Planning

The Trust will prepare rolling 3 year budgets.

1.11.1. The Budget Cycle

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.

1.11.2. Budget

The School Business Manager at each school, 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, the Local Governing Board, Chief Executive Officer (CEO), Trust Resources Committee and the Trust Board.

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.

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 Trust to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the Trust's 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; and
- any funds held in Trust.

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.

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 Resources Committee.

The approved budget is then entered onto the finance system (PS Financials) at the start of the new financial year.

1.11.3. Other Government Funding

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.

The School Business Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

1.11.4. Other Grants and Specific Funding

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, 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.

The School Business Manager is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

1.11.5. Funds held in Trust

Where funds are held in Trust the School 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.

1.11.6. Virements

Substantial virements shall be approved and minuted by the Trust Resources Committee and should be within the agreed criteria and financial limits.

The CEO is given delegated power to vire from one budget to another and shall seek approval from the Trust Resources Committee and retrospectively where the amount exceeds £20,000.

Headteachers are given delegated power to vire from one budget to another and shall seek approval from the Trust Resources Committee and retrospectively where the amount exceeds £20,000.

All virements exceeding £20,000 of the budget shall require approval from the Trust Resources Committee.

1.11.7. Revised Year End Forecast

Monitoring and analysis of the agreed budget should be carried out on a termly basis by the CEO and reports forwarded to the Trust Resources Committee. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Trust Resources 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.

1.11.8. Budget Forecast Return

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.

1.11.9. Monitoring and Review (including management accounts)

Monthly reports are prepared by the School School Business Managers. These reports include:

- actual income and expenditure against budget (shown as month to date and cumulatively);
- cashflow forecast for the financial year;

- a balance sheet for the period to date; and
- a one page summary highlight and explaining variances of at least 5% or £10,000 (whichever is smaller).

Any potential overspend against the budget must in the first instance be discussed with the Headteacher.

The monthly reports are sent to the CEO and CFO, who in turn will share with the Chair of trustees on a monthly basis.

The CEO (in their role as Accounting Officer) reviews the following documents termly to ensure the 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; and
- value for money practice.

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 Academy Trust Handbook; and
- review of trustees/governors' minutes.

1.11.10. School Level Budget Monitoring

The Headteacher and governors regularly monitor income and expenditure against agreed budgets and maintain financial control by reviewing the current position and taking remedial action where necessary.

The School Business Manager produces regular budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts, against the approved budget. The approved budget is the original budget approved by governors and any approved virements.

The Headteacher will provide reports to the Finance and Personnel Committee termly in accordance with the agreed timetable and minimum reporting requirements. These reports will show any significant variances against the budget with explanatory notes and, where necessary, remedial action plans including virements.

The Headteacher monitors expenditure on the initiatives set out in the School Improvement Plan.

Where budget elements have been devolved, departmental budget holders are responsible for comparing the amount spent or committed to date against their budgets. All budget holders will be provided with monthly budget reports.

The School Business Manager produces regular cash flow forecasts for all funds to ensure that the school does not go overdrawn.

1.12. Annual Accounts

The Trust must prepare annual audited financial statements for the accounting period to 31 August.

The accounts are outsourced to our auditors for preparation:

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

1.13. Value for Money Statement

As part of the annual accounts the Trust must include 3 focussed examples of value for money.

The CEO is responsible for collating the examples which are then confirmed by the Trust Resources Committee.

1.14. Audit Arrangements

External auditors must be appointed in accordance with the Academy Trust Handbook.

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.

1.15. Work undertaken during the Accounting Period

The School School Business Managers are 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); and
- monitoring and reporting to the Accounting Officer and board of trustees.

1.16. Work undertaken for the year end

The School Business Managers are 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; and
- pension audit.

1.17. Accounts Return

The Trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 19 January.

The accounts return is outsourced to our auditors for preparation.

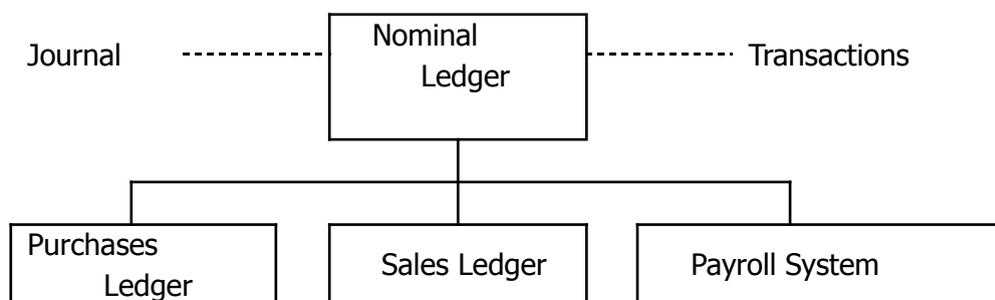
1.18. Document Retention

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

1.19. Accounting System

All the financial transactions of the 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:





1.19.1. System Access

Access to the system is password restricted to *the School Business Managers and Finance personnel*, or any others staff who have been authorised by the Accounting Officer e.g. external consultants or auditors

1.19.2. Back-up Procedures

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

1.19.3. Transaction Processing

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

1.19.4. Reconciliations

The School School Business Managers are 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

The Headteachers sign all reconciliations as evidence of review.

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.

1.20. Cash Management

1.20.1. Bank Accounts

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 Trust 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; and
- the Trust must ensure there are sufficient funds to cover large payments.

1.20.2. Deposits

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)

The School School Business Managers are responsible for updating the accounting system (within 2 working days) for deposits placed.

1.20.3. Payments and withdrawals

All cheques and other instruments authorising withdrawal from school bank accounts must be in line with the Trust's [Financial Regulations Manual](#) (which forms part of the overall Scheme of Delegation), published on the website.

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the School including funds held in Trust.

1.20.4. Administration

The School School Business Managers ensure that 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

1.20.5. Petty Cash

Each School maintains a maximum cash balance of £500 for the purchase of minor items, which is held in the safe and is the responsibility of the School School Business Manager.

The petty cash float must not be used for:

- cashing personal cheques and/or
- paying staff loans

Payments

In the interests of security, petty cash 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.

Administration

The petty cash float is maintained on the imprest system and the float is only reimbursed from the main bank account.

The petty cash float is reconciled monthly and reviewed by *the Headteacher* and initialled as evidence of review.

The *Internal Auditors* may carry out a spot check of the petty cash.

1.21. E-procurement and Payments

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. The card is kept in the safe and is only used by authorised staff members.

Any department wishing to make a purchase on credit card must complete a requisition form and pass this to the School Business Manager, or administrative staff to make the purchase. All requisition forms detailing the purchase must be signed by the Budget Holder.

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.

The credit card bill, along with all the relevant requisition forms are then given to the School 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.

1.22. Fuel Charge Cards

The use of Fuel Charge Cards is an acceptable method of purchasing fuel and reduces the handling of cash. Use of the card and security procedures:

- the schools have one fuel card for the school minibus;
- cards must be stored securely when not in use;
- use of the card will remain at the discretion of the Headteacher at all times;
- to maintain segregation of duties, reconciliation of the monthly card statement will be undertaken by a non-card user;
- evidence to support expenditure: when the card is used the user should obtain and retain evidence to support the expenditure incurred i.e. receipts; these must be promptly handed to the Finance Office.

1.23. BACS Payments

On receipt of an invoice, the School School Business Managers sign 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;
- the invoice has not been previously paid;
- funds are available in the relevant budget; and
- VAT chargeability on qualifying expenditure is shown .

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.

Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.

The School School Business Managers ensure 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.

1.24. Investments

Investments are made in accordance with written procedures approved by the Trust Board.

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.

1.25. Reserves

Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

The CEO as Accounting Officer must inform ESFA immediately if a deficit is anticipated.

If the 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.

1.25.1. Capital Reserves

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

1.26. Payroll

1.26.1. Staff Appointments

The trustees have approved a personnel establishment for the Trust. Changes can only be made to this establishment with the express approval in the first instance of the Trust Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Senior Leadership posts whose appointments must be consulted on and confirmed by the Resources Committee, which may delegate this approval to the CEO. The School School Business Managers maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the School Business Manager immediately.

The School School Business Manager is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

1.26.2. Payroll Administration

Payroll is administered through the Trust's payroll provider, currently Newham Partnership Working.

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

New master files can only be created by the School School Business Managers with the express approval of the relevant Headteacher. Any master file amendments made by the School School 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 the School School Business Manager must be authorised by the Headteacher.

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 School Business Manager and signed off by the Headteacher.

1.26.3. Payments

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 School School Business Managers. Authority to release payment will be by the School School Business Managers and the Headteachers.

All salary payments are made by BACS.

The School School Business Managers 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 Headteachers.

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.

Annually, the School School Business Managers check each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

1.26.4. Salary Advances

The Trust does not award salary advances.

1.26.5. Overtime

Overtime is recorded by the individual and submitted by the payroll provider's deadline.

Claim forms must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

1.26.6. Severance Payments

The 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.

Where the non-contractual element is or over £50,000, prior approval from ESFA must be sought.

The Accounting Officer must sign off and review each business case.

1.27. Freedoms and delegations and transactions requiring EFSA consent

1.27.1. Novel and contentious transactions

Novel payments or other transactions are those of which the Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media.

Novel and/or contentious transactions must always be referred to ESFA for explicit prior authorisation.

1.27.2. Borrowing

The Trust must seek ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

1.27.3. Write-offs and Entering into Liabilities

The Trust must obtain the ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses; and
- entering into guarantees, letters of comfort or indemnities.

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any Trust that has not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any Trust that has submitted timely, unqualified audited accounts for the previous two financial years.

In relation to these limits:

- The Trust should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits as to how cases should be handled.
- The Trust should only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor, the Trust's insurers, or the risk protection arrangements, and should be satisfied that there is no feasible alternative.
- The amounts for write-offs are before any successful claims from an insurer or the risk protection arrangements.
- Total annual income is defined as grant income as disclosed in the Trust's last set of audited accounts. The ESFA should be contacted if the Trust has not yet published their first set of audited accounts

Before accepting any liabilities for the following, the Trust should secure value for money by appraising the proposal through an assessment of the costs and benefits of relevant options. The Trust must ensure that the value of any liability is within its delegated authority to commit.

The liabilities are:

- Issuing specific guarantees.
- Providing a letter of comfort.
- Providing indemnities.

1.27.4. Ex-gratia payments

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

1.28. Income

1.28.1. ESFA Grants

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

1.28.2. Other Grants

The receipt of these sums is monitored directly by the School School Business Managers who are responsible for ensuring that all grants due to the Trust and the Schools are collected.

1.28.3. Trips

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.

Parents should make payments on the Schools' chosen online system wherever possible to ensure an audit trail for receipt of monies is evident. Cash payments are accepted via the school office.

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 (i.e. ParentPay). Office staff are responsible for chasing the outstanding amounts.

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 relevant Headteacher in advance of the booking being made.

1.29. Catering

1.29.1. Cash payments

Cash payments must be reconciled on a daily basis by the Schools' administrative 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 School School Business Managers must reconcile the banking sheet to actual receipts banked.

1.29.2. Electronic cash collection

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

1.30. Lettings

The School School Business Managers are 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.

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.

Copies of the Trust's 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.

1.31. Gift Aid

To ensure the Trust, in its position as an exempt charity, receives all the monies it is entitled to, School School Business Managers:

- reconcile income against records to confirm expected amounts have been received by the donor; and
- ensure the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

1.32. Bad Debts

The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.

If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the School School Business Managers submit a report to the CEO for approval of write off.

The following write off limits apply:

- Up to £499 – Headteacher
- £500 to £1,000 – Local Governing Body
- Over £1,000 – Trust Resources Committee and refer to debt collecting agency

1.33. Purchasing

The Trust 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 Trust
- *accountability*: the Trust is publicly accountable for its expenditure and the conduct of its affairs;
- *fairness*: that all those dealt with by the Trust are dealt with on a fair and equitable basis

1.33.1. Routine Purchasing

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.

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 the School School Business Managers. Copies of all quotes must be attached to the order form.

1.33.2. E-procurement

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 relevant School School Business Manager, or to School administrative staff to make the purchase. All requisition forms detailing the purchase must be signed by the Budget Holder.

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.

1.33.3. Orders

All orders must be authorised in line with the approved Scheme of Delegation in place at the Schools.

All orders must be made, or confirmed, in writing using an official requisition form, stocks of which are held by the School School Business Managers. Requisitions must bear the signature of the budget holder and must be forwarded to the School School Business Managers who will check to ensure adequate budgetary provision exists before placing the order.

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 School Office.

The person placing the order must make appropriate arrangements for the delivery of goods to the school. On receipt the School 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.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the School School Business Manager should be notified. The School School Business Manager will keep a central record of all goods returned to suppliers.

All invoices should be sent to the School School Business Manager. Invoice receipt will be recorded by the School Business Manager into the Financial Information System purchase ledger module. The School School 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; and
- payment authorised.

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 School Business Manager. Office staff must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

If a budget holder is pursuing a query with a supplier the School Business Manager must be informed of the query and periodically kept up to date with progress.

At the end of each week the School Business Manager will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation.

The School 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.

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).

At least three written quotations should be obtained for all orders between £10,000 and £100,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the 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.

1.33.4. Orders over £100,000

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.

1.33.5. Goods and services for private use

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

1.34. Procurement and Tendering

1.34.1. 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 School 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.

1.34.2. Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

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.

A tender brief must always be prepared and is reviewed by the CEO

1.34.3. Invitation to Tender

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.

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

1.34.4. Tender Acceptance Procedures

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.

1.34.5. Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two members of SLT (Senior Leadership Team) should be present for the opening of tenders.

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.

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.

1.34.6. Tendering 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 for contracts over £100,000 a report should be prepared for the Trust Resources Committee highlighting the relevant issues and recommending a decision.

The accepted tender should be the one that provides the best value both economically and quality to the Trust. All parties are then informed of the decision.

1.35. Insurance

The Trust Resources Committee reviews insurance arrangements annually. The Committee ensures that the sums insured are commensurate with the risks and include cover for academy Trust property when off the premises.

The Trust has opted in to the Department for Education's Risk Protection Arrangement (RPA).

The Risk Protection Arrangement does not cover the following and each governing body must make suitable arrangement of cover if required by the school:

- motor vehicle insurance;
- overseas travel insurance - RPA only covers travel in the UK;
- work of art insurance; and
- engineering inspection and insurance - Trusts will need to make their own arrangements for statutory inspections with an authorised body.

Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.

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.

1.36. Governor and Trustee Expenses

All governors/trustees of the Trust are entitled to claim the actual costs, which they may 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. and
- any other justifiable allowances.

The Governing Body and Trust Board acknowledges that:

- governors/trustees are not be paid attendance allowance; and
- governors/trustees are not reimbursed for loss of earnings

Governors/trustees wishing to make claims under these arrangements must complete a claims form and provide the relevant receipts; the form is available on the [Forms page of the Trust's Governance Site](#), published on the website. Completed forms are automatically sent (a) to the CEO for approval and (b) to the Trust Finance Officer for the processing of the BACS payments.

Claims will be subject to independent audit and may be investigated by the Chair of governors (or Chair of Trust Resources Committee in respect of the Chair of governors and trustees) if they appear excessive or inconsistent.

1.37. Gifts

The Trust is committed to the highest standards of financial probity in all its operations. In addition to the details provided here, the Trust has a separate [Gifts and Hospitality Policy](#), published on the website.

Ordinarily, gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). In addition, any gifts or hospitality in excess of £25 are reported to the CEO via the relevant form. For Trustees and governors, the form is available on the [Forms page of the Trust's Governance Site](#), published on the website. Local processes are in place at each school, managed by School Business Managers. These declarations must be made 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.

Gifts that have been reported are entered onto the gifts and hospitality register. Trustees and Chairs of governors receiving such gifts need to complete the processes via the form, which is then sent (a) to the CEO for approval and (b) to the Trust Finance Officer for entry into the Register.

1.38. Expenditure on gifts, hospitality, entertainment and favours

The Headteacher at each School approves any expenditure on gifts and hospitality, up to a maximum spend of £250 per group or £50 per individual; spend over £250 must be approved by the Chief Financial Officer. The finance department maintains a log of these. Such expenditure is only authorised if it can be demonstrated that the principles of probity, regularity and value for money have been taken into account.

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches. Modest hospitality is occasionally provided outside the workplace. The Headteacher maintains a register of the occasions when hospitality is provided by their School, the number of

people involved and the costs incurred.

1.39. Fraud

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 Trust Handbook

1.40. Whistleblowing

The Trust has a [Whistle Blowing Policy](#) in place, which is published on the Trust website. Instances where the Trust requires to advise the ESFA are noted.

1.41. Pooling of GAG

A Trust with more than a single School has the option to pool GAG (as per the Academy Trust Handbook). The Trust has not opted into GAG pooling.

1.42. VAT

1.42.1. VAT 126 form

The Trust Finance Officer is responsible for submitting the VAT 126 form per month on behalf of the schools within the Trust.

1.42.2. Capital projects

In circumstances where capital projects are undertaken by the Trust, the Trust Board will give consideration as to how these can be best managed within the resources available. Separate project budget monitoring will be carried out in relation to designated capital projects.

1.43. Fixed Assets

1.43.1. Asset Register

All items purchased with a value over the Trust'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
- expected useful economic life
- source of funding (% of original cost funded from grant and % funded from other sources)

- depreciation
- current book value
- location
- name of staff member responsible for the asset.

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; and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

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

1.43.2. Depreciation rates

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

1.43.3. Security of assets

All the items in the register are permanently and visibly marked as the Trust's property.

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

The School Business Managers are 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.

1.43.4. Disposals

Disposals, where applicable, are in line with the Academy Trust Handbook.

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 Trust 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.

1.43.5. Loan of Assets

Items of Trust property must not be removed from the premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in when it is returned.

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 Trust's auditors

1.44. Data Security

The Trust relies on computers to process and record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. There are ICT Acceptable Use Agreements in place at Trust and School level, which govern the use of these assets.

Computer systems used for School management are protected by password security to ensure that only authorised employees have access. Passwords are changed and updated for staff changes.

The Headteacher of all schools ensures that data is backed up regularly and that all back-ups (where applicable) are securely held. All data backup is managed by the School/Trust ICT Support provider.

The Headteachers have established a recovery plan to ensure continuity of financial administration in the case of emergency.

The Headteachers ensure that systems are in place to safeguard school software and data against computer viruses - this is also administered by the IT Provider. To prevent viruses being imported, only authorised software is used.

The trustees ensure that the ICO (Information Commissioner's Office) is notified in accordance with the General Data Protection Regulations (2018) [ie. that the Trust is registered as a Data Controller], and

that the Trust's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with this legislation.

1.45. Charges

Schools may charge for the following:

- board and lodging on residential visits (not to exceed the costs); and
- the proportionate costs for an individual student of activities wholly or mainly outside school hours ('optional extras') to meet the costs for:
 - travel associated costs
 - materials and equipment
 - non-teaching staff costs (iv) entrance fees/activity fees
 - Insurance costs (if not covered by the RPA arrangements in place.
 - individual tuition in the playing of a musical instrument
 - re-sits for public examinations where no further preparation has been provided by the school
 - costs of non-prescribed examinations where no further preparation has been provided by the school
 - any other education, transport or examination fee unless charges are specifically prohibited
 - breakages and replacements as a result of damages caused wilfully or negligently by students

1.46. Remissions

Students whose parents are in receipt of government support payments may, in addition to having a free school lunch entitlement, also be entitled to the remission of charges for board and lodging costs during residential school trips. The relevant support payments are:

- Income Support (IS)
- Income Based Jobseekers Allowance (IBJSA)
- Support under part V1 of the immigration and Asylum Act 1999
- The guarantee element of the State Pension Credit
- Child Tax Credit, provided that Working Tax credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed the limit for that tax year

An income related employment and support allowance that was introduced on 27th October 2008. Parents who believe that they may qualify for this remission must apply in writing to the school. Complete confidence will be observed in all such matters.

1.47. Voluntary Contributions

Parents may be invited to make a voluntary contribution towards the following:

- activities within a curriculum area;
- support education trips and visits; and
- associated travel costs.

The terms of any request made to parents will specify that the request for a voluntary contribution and in no way represents a charge, in addition the following will be made clear to parents:

- that the contribution is genuinely voluntary and a parent is under no obligation to pay; and
- that registered students at the school will not be treated differently according to whether or not their parents have made any contribution in response to the request.

If insufficient voluntary contributions are received the school reserves the right to cancel the event.

The responsibility for determining the level of voluntary contribution is delegated to the Leadership team within the School.

Voluntary contributions will be used to:

- enhance and support learning activities within a department;
- support some educational visits; and
- support travel costs.

1.48. Associated policies

- Whistle Blowing Policy
- Business and Pecuniary Interests Policy
- Gifts and Hospitality Policy
- Conflict of Interest Policy

1.49. Annex A - Scheme of Delegation and Approval limits

Expenditure limits (new contracts / purchases)	
£0-£500	Band 1A: Expenditure in this range can be placed by budget holders without additional authorisation.
£501- £2,000	Band 1B: Expenditure in this range requires authorisation by the Finance Manager
£2,001-£5,000	Band 1B: Expenditure in this range requires authorisation by the school Senior Leader - Finance
£5,001-£100,000	Band 2: Expenditure in this range requires authorisation by the Headteacher or CEO
£100,001+	Band 3: Expenditure above this limit requires Local Governing Body approval.

1.49.1. Payments – Payment Cards

Number of Cards:	Single Transaction Limit	Monthly Limit
3	£5000 Headteacher / CFO £2500 Senior Leader – Finance £1000 Finance Officer	£5000 Headteacher / CFO £5000 Senior Leader - Finance £5000 Finance Officer

