

# **Trust Financial Regulations 2024/25**



St Francis of Assisi  
CATHOLIC ACADEMY TRUST

## **St. Francis of Assisi Catholic Academy Trust**

**Signed off by: Trust Board**

**Date from: November 2024**

**Review Date: November 2025**

### **Authorisation limits**

#### **Expenditure limits:**

Finance Leads	Up to £2,000
Chief Financial Officer	Up to £5,000
Head Teacher	£5,001 - £10,000
Chief Executive Officer	£10,001 - £50,000
Chair of Trust Board	Over £50,000

#### **Quotes:**

1 quote	Orders up to £5,000
3 quotes	Orders over £5,000
3 quotes and full tender	Orders over £50,000

#### **Cheque signatories**

Two signatories	All cheques for the Trust
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#### **BACs approval**

Two approvers	All payments for the Trust require dual approval
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#### **Virement Limits:**

Chief Financial Officer	Up to £5,000
Head Teacher	£5,001 - £10,000
Chief Executive Officer and Chair of Trust Business Committee	£10,001 - £20,000
Chair of Trust Board	Over £20,000

#### **Writing off of bad debts:**

Head Teacher	Any amounts under the delegated limits outlined in the Academies Trust Handbook with the approval of the Trust Business Committee
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ESFA	ESFA approval needed for write off of any debts over the delegated limits
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### **Other Monetary Limits**

Mileage Allowance	HM Revenue & Customs approved rate
Petty Cash Imprest	N/A
General expenses	No limit however receipts required and authorisation from finance team required

#### **Ordering Procedures:**

3 Competitive quotations (written evidence required)	£5,000 - £50,000
Tendering procedure	Over £50,000

#### **Asset Register:**

Capitalisation limit	Over £2,000
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## 1 General

- 1.1** In accordance with the Academies Trust Handbook (ATH) and the Education & Skills Funding Agency (ESFA) guidance and updates, the Directors of St Francis of Assisi Catholic Academy Trust hereby recognise the need to outline and lay down a formal policy for the overall management of the Trust budget and the day-to-day management of the Trust's financial affairs. Each Academy in the Trust is covered under the formal financial policies outlined in this document.
- 1.2** The purpose of this manual is to ensure the Trust maintains and develops strong and robust systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that the procedures and systems outlined in this document operate correctly to ensure the requirements of our funding agreement with the ESFA are met.
- 1.3** The Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA. This manual expands on those principles and provides detailed information on the Trust's accounting procedures and systems. This manual should be read by all staff and Directors involved with financial procedures and it should be readily available.
- 1.4** The general conditions that follow are subject to annual review and consideration by the Trust Board, whom must formally minute both the review and any subsequent amendments and approval each year.
- 1.5** The Trust Board confirms that failure to observe these conditions is considered a serious matter and might involve disciplinary procedures being taken against the individual concerned.
- 1.6** The Trust Board confirms that day-to-day financial management of the Trust and its Academies is delegated to the CFO and Head Teachers of each Academy respectively subject to exceptions contained in these regulations.
- 1.7** Throughout these conditions, delegation to the CEO, CFO and Head Teachers shall imply further delegation to the Executive Team when the CEO, CFO or Head Teachers are not on the Trust sites. Where the CEO, CFO and Head Teachers wish to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing with the permission of the CEO and CFO to the individual(s) concerned, reported to the Trust Board in writing and incorporated in these conditions.
- 1.8** Whilst the main financial responsibilities are listed for the Trust Board and Trust Business Committee, their terms of reference are not included in this document. Similarly, all the financial duties of Trust staff are not listed but may be found in their job descriptions.

## 2 Day-to-day delegation of authority

### 2.1 Day-to-day Expenditure limits

**2.1.1** The Finance Leads in each Academy in the Trust are able to authorise expenditure for day-to-day items and services up to £2,000 on any one item (excluding utility charges and annual contracts where the approximate cost has clearly been documented and approved in the annual budget) as long as an adequate budget provision exists.

**2.1.2** It is not permitted for the Finance Leads to authorise a sequence of orders all within the £2,000 limit to cover a larger order where the total order exceeds £2,000.

Orders between £2,001 and £5,000 must be authorised by the Chief Financial Officer of the Trust unless the order is authorised by the Head Teacher.

Orders between £5,001 and £10,000 must be authorised by the Head Teacher at the Academy in which the order arises.

Orders between £10,001 and £50,000 must be authorised by the Head Teacher and the CEO. (excluding expenditure for trips as income offsets this expenditure)

Orders over £50,000 must be approved by the Chair of the Trust Board and authorisation will need to be shown on the order or minuted at the Trust Board meeting.

All orders over £5,000 will need 3 competitive quotes obtaining to ensure best value for money is obtained.

All orders over £50,000 will need to follow the tendering procedures outlined in section 8 of this document.

### 2.2 Staff appointments

**2.2.1** The Head Teacher has authority to appoint staff within the authorised Academy except for reserved posts (e.g. Deputy Head teachers / Heads of RE) and the Finance Lead whose appointments must follow consultation with the Governors of the Local Governing Body and the Trust Board. The Head Teacher must ensure any appointments are keeping within budget. The Head teacher / Head Teacher's PA maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Finance leads and relevant manager immediately. The CEO has the authority to be involved in all staff appointments other than those on the Trust level such as the CEO position itself and CFO where the Trust Board will need to be consulted and involved in any appointment decisions.

**2.2.2** All relevant paperwork and forms with regard to the appointment of, or amendment to contracts, of staff should be sourced from the Academies HR advisor service and the Diocese of Westminster if required. All contracts must use the CES tool.

**2.2.3** Staff appointments must be checked with the Finance Leads and where the appointment is outside the budgeted spend for the Academy they must be communicated to the CFO before appointments are made to ensure the budget can accommodate the position in question.

### **2.3 Virement (Budget Transfer) Limits**

**2.3.1** The CFO is able to authorise virements between individual cost centres up to a limit of £5,000. Virements between £5,001 and £10,000 can be authorised by the Head Teacher at the specific Academy. Virements between £10,001 and £20,000 are to be referred to the CEO and Chair of the Trust Business Committee. Authorisations over £20,000 are to be referred to the Chair of the Trust Board in consultation with the Trust Board.

**2.3.2** All virements must be reported to the Trust Business Committee at the next available meeting.

### **2.4 Bad debts**

**2.4.1** The Trust must obtain ESFA's prior approval for the following transactions beyond the delegated limits described below:

- Writing-off debts and losses; and
- Entering into guarantees, letters of comfort or indemnities

**2.4.2** The delegation limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- Cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years. This category includes new trusts that have not had the opportunity to produce two years of audited accounts.
- Cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous two financial years.

**2.4.3** In relation to these limits:

- The Trust should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled

- The Trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative
- The amounts for write-offs are before successful claims from an insurer or the risk protection arrangement
- Total annual income is defined as grant income as disclosed in the trust's last audited accounts. ESFA should be contacted if the trust has not yet published their first audited accounts.

**2.4.4** Before accepting liabilities by issuing guarantees, a letter of comfort or indemnity, the trust should secure value for money by appraising the proposal through assessment of the costs and benefits of relevant options. Academy trusts seeking ESFA approval for an indemnity should confirm whether it is covered by insurance or Risk Protection Arrangement (RPA).

**2.4.5** The Head Teacher of each Academy is able to approve the write off of any debts under the delegated limits however this will need to also be approved by the Trust Business Committee.

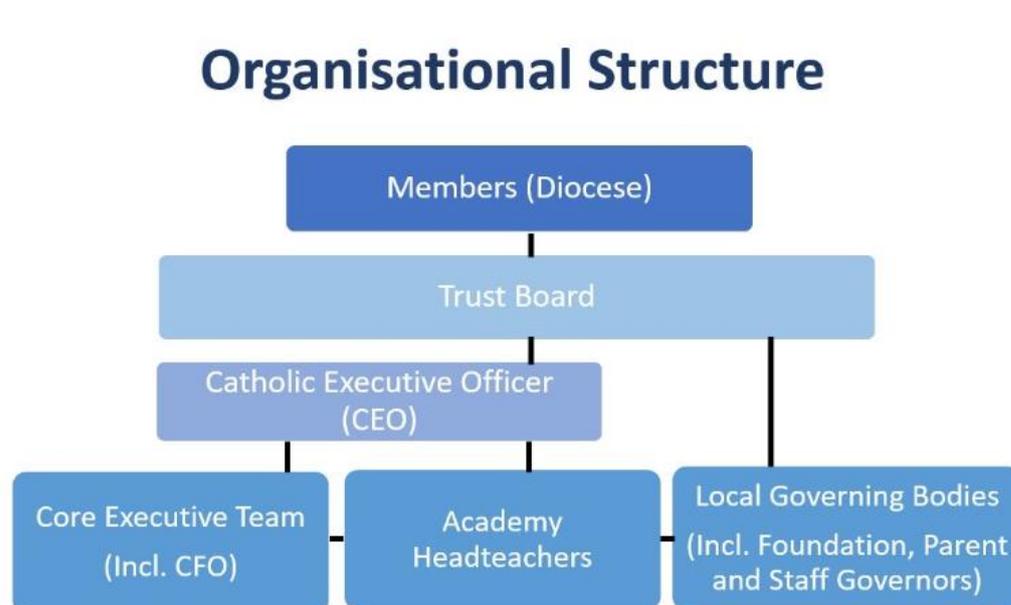
## **2.5 Receiving of Goods / Acknowledgment of Service**

Receiving of goods and signing of deliver notes will not in normal circumstances be undertaken by the person authorising payment. For day to day operations therefore, receiving and signing for goods and services etc. will be by a member of staff who is not involved in the authorisation process.

## 3 Organisation

### 3.1 Finance Structure

The organisation of the financial management of St Francis of Assisi Catholic Academy Trust is as follows:



*Enhancing, preserving and protecting the future of Catholic education in our Deanery*

The financial reporting lines are as indicated above. The organisation of St Francis of Assisi Catholic Academy Trust encourages regular interaction between those making financial decisions and those affected by them through the passing of information regarding any proposed actions through the reporting lines indicated, i.e. proposals made at the Trust Business Committee level are reported back to the Chief Financial Officer, Head Teachers and Finance Staff so that the financial implications can be determined and the results then reported back to the Trust Board. This process is also adhered to for SLT discussions and proposals made outside of the already agreed budgets.

### 3.2 Role of the Trust Board

The Trust Board of St Francis of Assisi Catholic Academy Trust has the responsibility for the administration of the Trust's finances. The main responsibilities of the Trust Board are prescribed in the Funding Agreement between the Trust and the ESFA. The main responsibilities of the Trust Board are as follows:

- To ensure that all grants from the ESFA are used only for the purposes for which they are intended;
- To ensure that funds from sponsors are received according to the Trust's Funding Agreement, and are used only for the purposes intended;
- To approve the Annual Budget;
- To appoint the Chief Executive Officer and Chief Financial Officer for the Trust;

- To recommend appointment of the External Auditors to the members;
- To appoint the Internal Auditors;
- To approve the Trust’s Financial Regulations;
- To approve the Annual Accounts and ensure they are published on the Trust website by the ESFA deadline;
- To write the Director’s Report that is included in the Annual Accounts;
- To ensure the management accounts are produced and reviewed on a monthly basis and distributed effectively and per the guidance of the Academies Trust Handbook;
- To review the Governance statement that is included in the Annual Accounts.

### **3.3 Meetings of the Trust Board and its Committees**

The Trust Board will meet as often as it sees fit subject to the requirement that it must meet at least once every term outlined in the Academies Trust Handbook. The Trust Board meets at least 6 times a year (including its sub committees). This ensures it meets in line with the requirements of the Academies Trust Handbook.

At the start of the academic year, the Directors will draw up a timetable for Trust Board meetings and those of its committees for the forthcoming year. This includes drawing up a timetable for the Local Governing Board meetings for each Academy in the Trust. These are tabled to ensure that all committee meetings are undertaken in advance of those for the Trust Board, so that all appropriate matters arising can be reported back. In addition to the timetable, the CEO will draw up a ‘Schedule of Business’ that outlines the various tasks that they are required to undertake and the term in which they are tabled.

#### **3.3.1 St Francis of Assisi Catholic Academy Trust Board**

There are two types of Director that can be appointed by the Trust. Which type you are is determined by how you became a Director. The two types of Director are Foundation and Co-opted. Once you become a Director, it makes no difference what “type” you are. All Directors are the same, have the same rights and role, except the staff and Head teacher. Directors do not sit on the Discipline Committee. There are also some restrictions on personnel issues.

The role of the Trust Board is not to manage the Trust on a day-to-day basis. That is the role and responsibility of the CEO and as Director Directors the aim is to support the CEO in doing this.

Directors are responsible for the strategic vision of the school and for supporting the CEO and their staff in achieving that vision. Directors have responsibility for appointing the CEO and CFO, managing the Trust’s budget, setting annual targets and monitoring performance against those targets, all in the interest of raising standards of achievement and developing the Trust. In addition to these statutory responsibilities, Directors do a wide variety of other things, either through formal committee activity or through personal involvement with the day-to-day life of the schools in the Trust.

### **3.3.2 Types of Director**

The Trust Board consists of appointed Directors.

Irrespective of how they became Directors, all Directors that sit on the Trust Board work in the best interests of the Trust.

### **3.4 Trust Business Committee**

The Trust Business Committee is a committee of the Trust Board. The Trust Business Committee meets at least once a term but more frequent meetings can be arranged if these are necessary. The main responsibilities of the Trust Business Committee are detailed in written Terms of Reference which have been authorised by the Trust Board. The responsibilities of the Committee include:

- Initial review and authorisation of the annual Trust budget (final approval must be by the Trust Board)
- Receiving management reports, to facilitate the monitoring of the Trust's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary. Such action will be reported to the Trust Board; in all cases liaison must be maintained with other appropriate committees.
- Reviewing and monitoring of budget projections / medium term financial plans to ensure the Trust and its Academy's budgets are realistic and any financial decisions are sustainable.
- Ensuring the Annual Accounts and Accounts return are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies;
- Authorising the award of contracts and leases over £50,000 over the contract / lease lifetime;
- Authorising changes to the Trust's personnel establishment;
- Apart from the annual budget which must be approved by the Trust Board, approval of cash flow forecasts and any other reporting requirements for the forthcoming financial year in accordance with the timescales dictated by the Academies Trust Handbook / Education & Skills Funding Agency updates;
- Determining the Trust's financial priorities through the School Development Plan, the Asset Management Plan (AMP) and ICT Development plan;
- Making decisions on requests from other committees that will have an impact on the Trust's financial position;
- Making decisions on expenditure within the Committee's delegated powers.
- Making decisions on virements within agreed budgets, within the Committee's delegated powers, and authorising any budgetary adjustments made;
- Advising the Trust Board on the appropriateness, or otherwise, of virements to be made outside of the Committee's delegated powers;
- Reviewing annually the Trust's Financial Regulations and Scheme of Delegation;
- Reviewing annually the Terms of Reference of the Trust Business Committee;
- Ensuring the Register of Business Interests is kept up to date at all times.
- Annually reviewing all on going contracts;

- Reviewing the various leasing agreement schemes and options available to the Trust.
- Awarding of contracts by tender up to a specified limit;
- Monitoring all spending and income received in the Trust including all of its Trading Accounts;
- Ensuring that funding from the ESFA and other sources is used only in accordance with any conditions attached.
- Receiving and commenting on the content of any audit report or Responsible Officer report relating to ESFA funding and monitoring the implementation of the agreed action plan. These reports must also be reported to the Trust Board.

### **3.5 Clerking / Minutes of Trust Board and Other Committee Meetings**

St Francis of Assisi Catholic Academy Trust employs a Clerk/Company Secretary to the Directors and minutes are taken at all Trust Board meetings and those of its committees. These reflect all decisions made and by whom action is to be taken. These actions are always revisited at the next meeting.

Meetings are convened by the Clerk who takes direction from the Trust Board and the Chair of Directors. The Clerk provides each Director with:

- Written notice of a meeting
- A copy of the agenda
- Copies of any papers to be considered at the meeting

### **3.6 Directors' Responsibility for Financial Management – induction of new Directors**

Directors have collective responsibility for financial decisions that are made in the context of how the Trust is run and are answerable to parents and the wider community. The Trust Board, supported by information and advice provided by the CEO and CFO, decides the strategic direction of the Trust. Responsibility for the implementation of financial decisions remains with the CEO and CFO. In order, therefore, that Directors fulfil their role as the Academy's 'critical friend' and in giving the school strategic direction, it is important that they (and school staff involved in financial management) understand their responsibilities. New Directors will receive support from the Chair of Trust Board as part of their induction to the Trust. Regular Director training courses are also available to all Directors and can be applied for if they believe a course would be beneficial to further their knowledge and improve their capacity as a Director.

### **3.7 The Chief Executive Officer**

The CEO is the designated Accounting Officer who is responsible to Parliament. The CEO is the lead Trust employee for matters regarding the efficient, effective and compliant management and operation of the Trust and the Academies within it. Accounting Officers have a personal responsibility for:

The key roles of the CEO are:

- Develop and fulfil the Trust's vision, values and overall ethos;
- Develop, monitor and achieve the Trust's strategic objectives;

- Develop, set and monitor measures for the standard of educational provision in member academies including pupil progress and attainment;
- Plan, implement and monitor effective Trust programmes to raise standards of academy, pupil and staff performance;
- Plan and deliver effective Trust programmes for the professional development of staff in member academies;
- Identify and implement opportunities for the Trust and member academies to operate more effectively and efficiently for the benefit of pupils, staff and the wider Trust community;
- Co-ordinate the effective leadership of member academies in the long-term absence of their Head Teacher;
- Ensure compliance with the Trust's Memorandum and Articles of Association and associated statutory, regulatory and legal requirements
- Ensure compliance with the requirements of the Trust's Master and Supplementary Funding Agreement;
- Ensure compliance of the Trust Board, Committees and Local Governing Bodies with the Scheme of Delegation and Terms of Reference;
- Ensure the Trust and member academies have the appropriate statutory policies and oversee their delegated implementation;
- Ensure the Trust responds effectively and appropriately to new legislation, policy and practice affecting the Trust and its Academies;
- Present on behalf of the Leadership Group, proposals, plans and policies to enable the Trust to raise standards of academy, pupil and staff performance and to run effectively, efficiently and compliantly
- Be the main point of contact for the DfE, ESFA, Local Authority and other key bodies

As the CEO is the Accounting Officer of the Trust they are also responsible to:

- Fulfil the statutory and regulatory responsibilities as set out in the Academies Trust Handbook and Academies Accounts direction provided by the Education & Skills Funding Agency;
- Take personal responsibility for the propriety and regularity of public finances in the Trust's charge;
- Plan, implement and monitor the Trust's internal and external financial reporting with the support of the Trust's financial management advisor;
- Report to the Trust Board on the Trust's financial governance, management and operation;
- Oversee and manage the work of the Trust's Chief Financial Officer.

### **3.8 Head Teachers of the individual Academies**

The Head Teacher has the delegated responsibility for the financial management of their Academy in the Trust in accordance with the Schedule of Financial Delegation. It is, therefore, particularly important that their financial management roles and responsibilities are clear and understood by them and all those who assist them with the Academy's financial management.

The Head Teacher's responsibilities are as follows:

- To formulate long-term planning, setting out the Academy's principles, aims, strategies, policies and programmes in detail and identifying the financial implications in annual terms.
- To devise a capital programme involving current and future expenditure on the purchase and construction of long-term assets.
- To finalise the annual budget for their Academy and present it to the Local Governing Body for approval.
- To update monthly the annual Academy budget and annually present a three-year Academy budget, with assumptions.
- To monitor the budget on a monthly basis and advise the Local Governing Body if any corrective action is necessary.
- To present financial reports to the Local Governing Body as required.
- To ensure that financial procedures and control systems comply with the school's financial procedures and with statutory requirements.
- To sign the returns to the Department for Education, Education & Skills Funding Agency and the LA, ensuring that the information contained within them is correct.
- To authorise expenditure and virements up to a limit of £10,000 (excluding expenditure for trips as income offsets this expenditure).
- To supply the Responsible Officer with copies of all forms, regulations, publications and information which are necessary for efficient performance of his role.
- To carry out such other tasks and functions as may reasonably be directed by the Governing Body.
- To check/sign off the bank reconciliations monthly.
- To sign off the monthly management accounts including the financial summary report.
- To review and sign off all credit cards held by the Academy (excluding any held in their own name).

### **3.9 The Chief Financial Officer**

The Chief Financial Officer works in close collaboration with the Chief Executive Officer through whom they are responsible to the Directors of the Trust Board. The Chief Financial Officer also has direct access to the Directors via the Trust Business Committee. The main responsibilities of the Chief Financial Officer are:

- The day to day management of financial issues for the Trust including the establishment and operation of a suitable Financial accounting system;
- The management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the Trust Board;
- The maintenance of effective systems of internal control;
- The annual update of the financial regulations;
- Ensuring that the Annual Accounts are properly presented and adequately supported by the underlying books and records of the Trust and its Academies;
- The preparation of monthly management accounts to be distributed to the Directors;
- Review of VAT returns;
- Authorising orders up to limit £5,000;

- Authorising BACS payments in conjunction with the Head Teachers or other authorised personnel;
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the published guidance and bulletins.
- Providing the auditors with all requested information to ensure a smooth audit can be undertaken;
- Responsible for managing Trust contracts and obtaining best value for money where possible.
- To advise on general financial policy, including long term planning, where requested.
- To establish and maintain effective liaison with the School's payroll agencies.
- To collate relevant information and prepare the annual budget together with the CEO and with the assistance of the school Head Teachers.
- To monitor income and expenditure, noting any significant problem areas for consideration by the CEO and Head Teachers, Responsible Officer and/or the Trust Board.
- To submit financial reports to the Directors as required and in particular to provide the Trust Board with monthly information in the form of management accounts to facilitate the Directors' monitoring of the Trust's financial position.
- To provide regular reports to budget holders.
- To monitor the accuracy of payments of all Salaries, PAYE, NI and Superannuation and ensure postings are correct in the financial accounting system.
- To monitor that the supplier list is kept up to date and reviewed regularly, particularly with regard to quality of service and goods.
- To create New supplier forms and distribute these to the Finance Leads of each Academy.
- To prepare long-term assessments of future financial performance, together with the CEO.
- To prepare financial appraisals for proposed projects.
- To pursue an active policy of generating income by school lettings, and by supporting consultancy, sponsorship, appeals and promotional activities.
- To advise on the best utilisation of school funds and recommend appropriate investments.
- To monitor that finance staff are enabled to carry out their duties in terms of equipment and training, and to deputise when appropriate.
- To ensure the Trust has sufficient insurance in place at all times.
- To co-ordinate the tender arrangements for contracted out services.
- To be responsible for registration of the School under the Data Protection Act 1992, and for its annual renewal.
- To carry out such tasks and functions as may reasonably be directed by the CEO.

### **3.10 The Internal Auditor**

The Internal Auditor is appointed by the Trust Board and provide the Directors with an independent oversight of the Trust's financial affairs. The main duties of the Internal Auditor is to provide the Trust Board with independent assurance that:

- The financial responsibilities of the Trust Board are being properly discharged;
- Resources are being managed in an efficient, effective and economical manner;

- Strong and robust systems of internal financial control are being maintained;
- Financial considerations are fully taken into account in reaching decisions.

The Internal Auditor will undertake either in person or commission a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as set by the Trust Board. A report of the findings from the visit will be presented to the Trust Business Committee and a list of actions will be included which should be actioned in a timely manner.

### **3.11 Other Staff**

Other members of staff, mainly the Finance Leads / Finance Assistants and Budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. 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 academy's financial procedures.

### **3.12 Schedule of Financial Delegation**

St Francis of Assisi Catholic Academy Trust and the Academies within the Trust have detailed Schedule of Financial Delegation documents that sets out the financial responsibilities retained by the Trust Board as well as the delegation to the other Committees, CEO, CFO and to other members of staff within the Trust and Academies. The Schedule of Financial Delegation is reviewed and approved by the Trust Board annually and is reflected in the minutes of their meetings. In addition to the Trust and Academy's Schedule of Financial Delegation, Directors are made aware of the 'Financial Regulations' that are set out in Academies Trust Handbook set out by the ESFA, as part of their induction training. The Trust and Academies have adopted these documents and incorporated them into their Schedule of Financial Delegation documents.

The Trust also maintains individual job descriptions for the CEO, CFO and all others involved in the financial management of the Trust, setting out clearly defined levels of financial responsibility, including their relationship with the Trust Board.

### **3.13 Register of Pecuniary (Business) Interests**

The Trust maintains a register of pecuniary (business) interests of all Directors and Governors as well as Executive Trust staff with financial responsibilities showing:

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

The Trust request all Governors and Directors to update their pecuniary (business) interest forms on an annual basis and a recurring agenda item is included on every committee meeting to disclose any new pecuniary (business) interests.

The register is retained securely by the Trust and is available for inspection, as deemed appropriate (e.g. by Directors, Governors, Staff, Parents, Auditors and Ofsted inspectors).

It is the responsibility of each Director, Governor and member of staff with significant financial responsibility to notify the Chair of the Trust Board or CEO of any business or personal interest they have which requires inclusion in the register. All Directors and Governors are requested to complete a new form each year. Staff should be reminded of their obligation to declare any interests annually. For new Directors and Governors, a form is enclosed with their induction material. All persons present at formal governor meetings are also required to declare any potential interests at the start of all meetings. Any Director, Governor or member of staff who has an interest will be excluded from any decisions regarding the company or personnel involved. Staff are expected to be mindful of the potential need to declare interest at other meetings.

No Director, Governor or member of staff will accept gifts or hospitality from current or potential suppliers, unless appropriate approval is obtained. The Trust has a gifts and hospitality policy in place that must be followed at all times.

### **3.14 Whistleblowing**

The Trust has a whistleblowing policy in place initially through policy in place in each school. This will be formally endorsed by the Directors, as reflected in their minutes, and brought to the attention of Trust staff through the staff handbook and new Directors as part of their induction training. Hard copies are also displayed in the Main Office and Staff Room. The Whistleblowing policy is also included within the Trust's website.

## **4 Accounting System**

### **4.1 Introduction**

The Trust uses Access for its FMIS. This software is also used for budgeting purposes.

All the financial transactions of all of the Academies in the Trust must be recorded on the Trust's Financial Management Information System (FMIS). The FMIS is operated by the Finance Department and consists of:

- Journals
- Nominal Ledger
- Transactions
- Purchases Ledger
- Sales Ledger
- Payroll System
- Automatic update
- Reconciliation reports
- Management accounts reporting suite

## **4.2 System Access**

The Trust must be registered under the Data Protection Act.

Access to the FMIS is strictly limited to members of the Finance team and the budget holders for their specific areas. The FMIS is password protected and admin rights are managed by the CFO. The CFO is responsible for ensuring passwords are changed on a regular basis.

Each member of the Finance team in each Academy and at Trust level will have tailored access and this will be decided and controlled by the CFO.

## **4.3 System Back-up procedures**

The Access FMIS is held on a secure server external to the Trust and is accessible via a remote internet login. As a result of this the back-up of the FMIS is undertaken by Access and not the Trust.

The CFO has obtained the disaster recovery plan from Access and the Trust believes this plan is sufficient and covers all areas on a regular basis. Backup of the Access system is undertaken every hour and daily.

## **4.4 Transaction processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this set of financial regulations. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

Bank transactions should be input by Finance Assistants / Finance Officers and the input should be checked, and signed to evidence this check, by the Finance Lead/Chief Financial Officer / Head Teacher and CEO where appropriate.

Detailed information on the operation of the FMIS system can be found in the user manuals held online.

## **4.5 Transaction Reports**

The Chief Financial Officer will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- Masterfile amendment reports for the payroll, purchase ledger and sales ledger
- Trial balance
- Management accounts summarising expenditure and income against budget at budget holder level, i.e. cost centre summaries.

## **4.6 System reconciliations**

The Finance Leads 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 Reconciliation - Bank balance per the nominal ledger to the bank statement

Any unusual or long outstanding reconciling items older than 6 months must be brought to the attention of the Chief Financial Officer.

## 5 Income

### 5.1 Academy Grants

The Trust's main source of income are from the grants received from the ESFA and Hertfordshire County Council (HCC). All grants are accompanied by a remittance which are filed in an income folder to ensure the income can be reconciled on a monthly basis. The receipt of the income received from the ESFA and HCC is posted onto Access by the Finance Lead/Finance Assistant who ensures the income is posted to the correct nominal code. The Chief Financial Officer tracks the income to ensure all expected grants are received.

### 5.2 Cashless payment system

The Trust is in the process of moving towards a more cashless system to lower the risk of cash being misplaced. The Trust uses Parent pay, Wisepay, Schoolcomms and Parentmail in order to collect money from students for the following activities:

- Catering income
- Trip income
- Event income e.g. prom
- Clothing income e.g. leaver hoodies.
- Coach income

Cashless System money is banked automatically on a weekly/fortnightly basis.

The Finance Lead/Finance Officer is responsible for monitoring their cashless payment system and inputting student and teacher data into it. They are also responsible for posting the income from the cashless payment system onto the Access FMIS.

The Trust is currently phasing out cash payments and cash payments will only be taken as a last resort if no alternative payment is possible.

### 5.3 Sales invoices

Sales invoices can be issued to parents and customers of the Trust by using the sales ledger function on Access. The main reason for sales invoices being raised is to invoice lettings services that have been offered by the Trust. The Finance Lead/Finance Officer is responsible for drafting and sending out sales invoices and for chasing the invoice if it is not paid in line

with the credit terms outlined on the invoice. VAT cannot be included on Academy invoices as the Trust is not VAT registered at this stage.

When income is received the aged debtors list is updated to ensure the debtor is shown as paid.

The Finance Lead/Finance Officer and Finance Assistant will discuss receipts when the bank is being reconciled to ensure any income received is allocated against the correct invoice and debtor balance.

#### **5.4 Lettings**

The Trust's main source of non-educational income relates to lettings income. Lettings are costed on an individual basis however there are guidance prices in place within each Finance department.

Lettings income are for the following activities:

- Sport and general Clubs
- Parking for weddings
- Events

Lettings will consist of regular and one off lettings. The Trust will raise sales invoices in advance of the letting taking place to lower the risk of lettings invoices not being paid. If the sales invoice has not been paid before the letting takes place then the letting will be cancelled.

#### **5.5 Debt control**

Debts are monitored on a monthly basis. The Finance Lead/Finance Officer will discuss any outstanding debtors with the CFO on a monthly basis and they will discuss which debts need to be chased up. Any debtor that has not paid within the credit terms of their invoice will be contacted either by email or by phone to chase in the payment. There is a specific Trust Debt Recovery policy that is to be referred to for details of the specific debt chasing process for the Trust.

#### **5.6 VAT**

The CFO prepares the monthly VAT return (126).

The CFO closes the VAT period for each Academy to enable the VAT 126 claim to be submitted, using the following link; <https://www.tax.service.gov.uk>. The VAT 126 form is submitted at Trust level and the VAT 126 form is submitted by the CFO.

To access the claim, the Government Gateway account details are required for the initial login.

Save the upload file and the claim under the VAT folder. A log of all claims submitted is kept on the VAT logs file.

The VAT refunds are all received into the Trust bank account and the CFO will then transfer the VAT refund back to the individual Academy bank accounts.

The CFO deals with any VAT related queries.

See section 13 for further details on VAT.

## **5.7 Cash income**

All income received in cash is reconciled on a weekly basis and is held securely in the safe until it is banked. The cash is counted by the Finance Lead/Finance Assistant and is banked by another member of staff to ensure a separation of duties is in place.

## **5.8 Reconciliations**

All grant income is reconciled at the end of the year against the expected income figure. GAG income is reconciled directly to the annual GAG statement to ensure the grant income received was as expected and has been posted correctly.

## 6 Payroll and Personnel Procedures

### 6.1 Staff appointments

**6.1.1** Staff appointments will be made in line with the procedures outlined in section 2 of this document.

**6.1.2** St Francis of Assisi Catholic Academy Trust adheres to the personnel guidance issues by the Diocese of Westminster and also uses the services provided by HfL for HR guidance purposes.

**6.1.3** The CEO and Head Teachers have a professional duty to participate in the selection and appointment of teaching and non-teaching staff, with the exception of the Head Teacher post and Trust posts. Head Teacher posts should be decided by the Local Governing Board and Trust Board working together and Trust posts should be decided solely by the Trust Board. All staff appointments and promotions, etc. within the annual budget are made in accordance with the School's Pay Policy and authorised by the Head Teachers/CEO. All staff changes are notified to the Personnel Committee at their next meeting.

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

The CEO and Head Teachers of each Academy in the Trust will ensure that all the details of appointments, terminations and contract amendments will be authorised and notified to the relevant HR lead at each of the individual Academies. This will assist the HR lead and Finance Leads with regards to payroll processing on a monthly basis.

### 6.2 Payroll administration

**6.2.1** The Trust has two payroll providers in place who process the payroll on behalf of the Trust. St Mary's Catholic School use Dataplan Payroll Limited and all other Academies in the Trust use Serco Payroll Solutions to administer their payroll.

**6.2.2** Payroll is processed at each individual Academy level and each Academy has a specific member of staff who is responsible for preparing and processing the payroll on a monthly basis. The Chief Financial Officer will oversee the payroll process and assist with any queries. Payroll is paid on the last working day of the month.

### 6.3 Payroll process

**6.3.1** All staff employed by the Trust are paid monthly via BACS through either Dataplan Payroll Limited or Serco Payroll solutions. There are two PAYE numbers in place to ensure both payroll providers can administer the payroll on behalf of the Trust.

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

- Identity confirmation
- Academic qualifications, where appropriate
- Professional and character references
- Previous employment history
- CRB clearance

**6.3.3** Forms are completed for both payroll providers which outline any monthly payroll changes. The payroll data is sent to the payroll providers and then all changes are checked before the payroll is finalised. Payroll information will include the following for each employee:

- Salary
- Any overtime/expenses
- Bank account details
- Taxation status
- Personal details
- Any deductions or allowances payable

**6.3.4** All payroll amendments including additional hours, overtime, contract changes, appointments, terminations etc. must be documented using the paperwork provided by the payroll provider. Payroll should be authorised by the Head Teacher or Finance Manager (at St Mary's) before it is processed. This ensures separation of duties. If changes are made electronically to any payroll records then an audit trail must be kept and filed. All paperwork relating to audit trails must be kept for 6 historic years and for the current year.

**6.3.5** All payroll amendments must be supported by supporting documents such as contract offer letters, amendment letters or signed overtime/letting forms. Any additional hours must be approved in advance of the hours being worked.

**6.3.6** Once payroll has been finalised the journals will be posted onto the Access FMIS by either the Finance team or HfL that are in place advising each Academy.

## **6.4 Payroll expenses**

**6.4.1** Expense claims will be processed via the monthly payroll. All expense claims must be signed off by the member of staff's line manager and reviewed by the Finance team.

**6.4.2** Any expense claims made by the Head Teachers or CEO will need to be authorised by a Governor/Director. Head Teachers expenses will therefore need to be authorised by either the CEO or Chair of the Local Governing body. Any CEO expenses will need to be authorised by the Chair of the Trust Board.

**6.4.3** Travel expenses can be claimed when expenses arise as a result of working on school business away from the Academy addresses. All expense claims for mileage will be claimed in line with the latest HMRC guidelines.

**6.4.4** Directors should not be out of pocket as a result of undertaking Trust work and should be able to claim allowances for legitimate expenses incurred in carrying out their duties. The allowances paid will only relate to actual costs incurred, apart from mileage costs which must be paid at a rate not exceeding the maximum level of the HMRC Authorised Mileage Rate. Other Director expenses must be paid on provision of a receipt and authorised by the Chair of the Trust Board.

Under no circumstances will St Francis of Assisi Catholic Academy Trust pay Directors for loss of earnings or for time spent on Trust affairs.

All allowances for expenses for the Directors also relate to the Governors at local governing body level.

**6.4.5** All staff expenses should be claimed on a monthly basis and any expenses that have not been claimed within 3 months of the expense being incurred may not be reimbursed. Non-payment of expenses will be up to the discretion on the CFO and CEO.

**6.4.6** All expenses other than mileage must be claimed via an authorised expense claim form and must be accompanied by a receipt. Any expenses incurred where a receipt cannot be produced will not be reimbursed.

## **6.5 Payroll returns**

**6.5.1** The Trust must ensure that the Senior Positions in the Trust payroll arrangements fully meet the tax obligations and comply with HM Treasury's guidance regarding employment and contractual arrangements of individuals on the avoidance of tax.

**6.5.2** All payroll returns will be processed on behalf of the Trust by the two payroll providers in place. Monthly payroll reports will be filed by each individual Academy in the Trust. All Academies will be communicated with a timeline each month to ensure the payroll is processed correctly.

**6.5.3** The End of Year Certificate (EOYC) for TPS will be prepared by the Trust's payroll provider however this will be checked by the Finance Teams in each Academy to ensure it is correct before it is audited.

## **6.6 Payroll payment and control checks**

**6.6.1** Once the payroll has been processed and finalised, the CFO and Finance Leads will obtain a departmental breakdown report, which will then be used to analyse the salary payments against the budget. Any discrepancies will be looked into and explained and the salaries will be monitored on a monthly basis.

**6.6.2** The CFO will keep a payroll control account reconciliation and this will be updated on a monthly basis to ensure the payroll creditors are being calculated correctly and are clearing the individual Academy bank accounts correctly.

**6.6.3** The Trust's payroll providers will calculate the deductions due from payroll to comply with current legislation that is in place. The major deductions are for tax, national insurance contributions and pensions (either TPS, LGPS or AVCs from either scheme). Breakdown reports are available to ensure the PAYE/NI, TPS, LGPS and AVCs can be checked against third party payments that are paid out of the bank accounts.

**6.6.4** The payroll control account will be monitored on a monthly basis by the CFO.

## **6.7 Pay advances**

**6.7.1** Pay advances are only made in exceptional cases and approval is required from the Head Teacher. The Trust follows the guidance provided by the payroll providers, Dataplan and Serco, regarding the payment of advances. All advances are recovered automatically through the payroll provider.

**6.7.2** No other loans or advances will be made to any person unless the Trust Board has given the CEO the power to authorise such. Tax requirements will be observed in any such instances.

## **6.8 Retention of Records**

**6.8.1** Payroll records should be kept for 6 years plus current.

**6.8.2** Pension records must be retained for 40 years.

**6.8.3** All other records must be retained in accordance with current DfE / ESFA / HMRC / Insurance guidelines.

## **6.9 Personnel records**

All personnel records are to be held in a locked cabinet, with access limited to the following persons:

- Chair of Trust Board
- Vice Chair of Trust Board
- Chair of Governors
- Vice Chair of Governors
- Responsible Officer
- CEO
- Head Teacher of Academy
- Deputy Headteacher(s)
- Designated Assistant Headteacher(s)
- Chief Financial Officer
- Finance Lead in Academy
- Head Teacher's Personal Assistant
- Other authorised staff within each Academy

These files contain copies of all contracts and any other related documentation, e.g. Interview notes, letter of appointment, performance management, sickness records, etc. The Heads PA will ensure that these files are complete and up to date. Annual reconciliations of payroll details to personnel records will be carried out jointly by the Head teacher and the School Finance lead.

Access to computerised personnel record is granted to the Auditors, the Head Teacher, CFO, the Finance Director as well as the Head Teacher’s PA. The Trust is registered under the Data Protection Act and complies with its requirements.

### 6.10 Right to work

The Trust will ensure sufficient right to work checks are undertaken on all new employees. Right to work checks will be incorporated into the starter checklists that each new member of staff must complete.

### 6.11 Severance payments

The Trust has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions). Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), ESFA’s approval must be obtained before the trust makes any binding offer to staff. ESFA will also need to refer such transactions to HM Treasury and so trusts should allow sufficient time for proposals to be considered. Examples of approval requirements are as follows:

Statutory / contractual payment		Non-statutory / non-contractual payment	ESFA / HM Treasury approval required
£30,000	+	£30,000	No
£60,000	+	£30,000	No
£30,000	+	£50,000	Yes – for £50,000

Academy trusts should demonstrate value for money by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation and have a business case justifying the settlement. Settlements must not be accepted unless they satisfy the conditions in this handbook and in ESFA’s guidance and submission template.

## 7 Purchasing and payment procedures

### 7.1 Routine purchasing

**7.1.1** St Francis of Assisi has a purchase order template in place that must be used for Budget holders and budget holders put forward purchases that they require for equipment, supplies, services etc. All purchase orders must be signed off in line with the authorisation limits outlined on page 2. No orders are to be processed if the purchase order form has not been authorised per the criteria outlined above.

**7.1.2** When the Finance Office receives a purchase order, this will be passed on to the Finance Lead who will look at the budget to see if the order can be processed and they will check if there is sufficient budget available in the relevant cost centre before the order is authorised. If there is insufficient budget for an order then it may be declined. The purchase order number will be added to the purchase order once it has been authorised. All purchase orders will be sequentially numbered for filing and audit purposes. All purchase order forms will be filed and kept in the Finance Office. Purchase orders are not required for the following transactions:

- Works directed by the Diocese
- School trips
- Annual subscriptions and license fees
- Regular/Annual contract orders (where terms have not changed)

**7.1.3** Any urgent orders should still have a purchase order filled out. This ensures the FMIS is always kept up to date to show the committed orders which makes the budget monitoring process clearer.

**7.1.4** All invoices received should be sent to the Finance Lead/Finance Officer via their pigeon hole or direct delivery to their office. Invoices will then be distributed to the relevant budget holders so they can sign to confirm they have received the goods/services and no issues occurred. Invoices relating to contracts that are authorised in terms with the financial regulations at the purchase order stage do not require the same level of invoice sign off once the contract is in place. The goods/services should be checked against the original purchase (and delivery note if applicable). If any invoices show errors this must be raised at this stage by the budget holder. Once invoices have been checked and approved, they should then be entered onto the FMIS and be set up for payment.

**7.1.5** The cheque signatories for the Trust are any two from the following:

- Chair of Trust Board
- Vice Chair of Trust Board
- CEO

**7.1.6** If discounts are available on invoices then it is advised for these purchase invoices to be paid promptly in order to obtain any discounts being offered. All other purchase invoices should be paid in line with the payment terms listed on the invoice other than those invoices where there is a dispute in place.

**7.1.7** Before payment, all invoices should be stamped to clearly show the following information:

- Order number
- Unique reference
- Cost centre
- Ledger code
- Net amount
- VAT amount
- Gross amount
- Cheque no if applicable
- BACS no
- Date entered onto the system

**7.1.8** Pro forma invoices can be paid however the VAT on these invoices cannot be reclaimed until the actual purchase invoice is received.

**7.1.9** No payments should be made against supplier statements. These supplier statements are for informative purposes only to outline the invoices still outstanding for each supplier.

**7.1.10** All purchase orders over £5,000 will need three competitive quotes obtained to ensure value for money is obtained. Three quotes will not be required for the following orders:

- Professional services as appointed by the Diocese
- School trips
- Where contract agreement is already in place i.e. Catering, cleaning, exam costs.

## **7.2 Internet purchases**

**7.2.1** At all times, the same strong internal controls must be placed on internet purchases as is normally applied to standard procurement with regards to separation of duties, authorisation controls and checking by independent management.

**7.2.2** The Chief Financial Officer/ Finance Lead/ Finance Officer / Finance Assistant / Office Assistant will be authorised to place online purchases. Requests should be made to the CFO/ Finance Lead/ Finance Officer/ Finance Assistant / Office Assistant from the budget holder in the normal manner and a purchase order should be raised and authorised by the Finance Lead.

**7.2.3** It is the responsibility of the budget holder to ensure the internet is the most appropriate means for procurement. Where possible the official order number should be quoted on the internet order as a cross reference.

**7.2.4** The internet order must be raised in the name of the Academy with the Academy's address, not to an individual.

**7.2.5** The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the Trust's normal payment route.

**7.2.6** Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important if the Academy is to recover any VAT element.

**7.2.7** All purchases should only be made from secure websites that the Chief Financial Officer / Finance Lead / Finance Officer / Finance Assistant / Office Assistant has gained reassurance they are safe and free from fraudulent activity. The use of online auction websites is not recommended.

### **7.3 Petty Cash**

**7.3.1** A petty cash float of £100 is allowed to be held by each Academy in the Trust however this is used as a last resort. The Trust has bank purchase cards that have adjustable limits which should be used for all petty cash purchases such as Science and DT materials.

### **7.4 Charge cards**

**7.4.1** Charge cards may be used by members of the Finance team at each Academy and will be issued to key members of staff in order to purchase items for the Trust rather than purchasing goods and services via the petty cash system. All charge cards will be held in the safe in the Finance Offices of each Academy and must not be handed to any member of staff or removed from the Finance office at any time. Any card held in a member of staff's name who leaves must be highlighted with the bank and an amendment to the cardholder details must be made promptly.

**7.4.2** The CFO will be responsible for issuing charge cards to each cardholder and no cards should be issued without written approval from the CFO. The cards should be held securely at all times and any loss of cards should be reported to the Finance office and CEO immediately. The monthly spending limits for each cardholder can vary however this limit should never exceed £10,000. Card holder details must never be stored on supplier websites.

**7.4.3** All charge card monthly statements will be reconciled on a monthly basis and all statements should have the relevant invoices attached to the back of the statements so the reconciliations can be checked by the Auditors. All charge card statements should be reconciled by the Finance team and authorised by the Finance Lead and Head Teacher (or Chair of Directors if the Headteacher is the card holder). No top authorisation of charge card statements should be made by someone below the card holder in the Trust hierarchy. For example a Deputy Head cannot sign off a Head Teachers charge card monthly statement. Any misuse of the charge cards could result in disciplinary action. Where receipts cannot be obtained, confirmation from the cardholder confirming expenditure is bona fide is required.

**7.4.4** Charge cards should only be used where a purchase is either urgent or the supplier will not accept a purchase order form from the Trust.

**7.4.5** Charge cards should never be used to pay staff expenses. These can be processed via faster payment.

**7.4.6** Any items on the charge card monthly statements that look out of the ordinary or unusual will need to be investigated as a matter of urgency and the origins and reasons for any such purchase must be identified.

## **7.5 Lease agreements**

**7.5.1** Per the Academies Trust Handbook, the Trust must not enter into any finance leases unless prior approval from the ESFA has been sought. As a result Finance leases are forbidden without the prior approval from the ESFA.

**7.5.2** The Trust must obtain ESFA's prior approval for the following leasing transactions:

- Taking up a finance lease on any asset for any duration from another party, which are subject to the borrowing restrictions described in paragraphs 5.33 and 5.34 of the ATH.
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

**7.5.3** Operating leases do not have the same rules as Finance leases and can therefore be entered into without any prior consent from the ESFA.

**7.5.4** The Trust must consider value for money before entering into any operating leases.

**7.5.5** Any lease entered into by the Trust must meet the following criteria:

- Ownership of the asset must remain with the leasing company and there is no option for the Trust to purchase the asset at any time;
- Any extension of the lease must be at open market values.
- The Trust will not benefit from any sale proceeds from the asset
- The termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.
- All risk and rewards of owning the asset still lie with the lessor.

## **7.6 Novel and contentious transactions**

**7.6.1** Novel payments or other transactions may arise where the Trust or Academies have no experience or are outside the range of normal business activity for the trust.

**7.6.2** Contentious transactions are those which might give rise to criticism of the Trust by the Government, and/or the public, and/or the media.

**7.6.3** The Trust must always refer novel and/or contentious transactions to the ESFA for prior authorisation. This will ensure the Academies Trust Handbook is being followed at all times for these type of transactions.

## 7.7 Purchase of alcohol

The Academies Trust Handbook prohibits the purchase of alcohol other than alcohol for religious purposes. As a result of this guidance, no alcohol is to be purchased even for gifts, prizes and events. The Trust must follow the ESFA's zero tolerance on the purchase of alcohol for non-religious purposes.

## 8 Tendering

### 8.1 Tendering introduction

**8.1.1** Approval of contracts over £50,000 will only be made following the Trust's tendering procedure. If the Trust is undertaking a high-value or EU-Qualifying purchase they will need to issue an Invitation to tender as part of the purchase process. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.

**8.1.2** For more specialist or complex works and purchases, the Trust may choose to appoint a professional third party to carry out the tender process on their behalf i.e. a Consultant or an Architect). If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.

**8.1.3** Tendering in the public sector must follow the Public Contracts Regulation 2015.

### 8.2 Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated. These three forms of tender are outlined below:

**Open Tender:** This tender is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Head teacher / Chief Financial Officer how suppliers 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.

### **8.3 Preparation for Tender**

Full consideration should be given to the objective of project, overall requirements, technical skills required, after sales service requirements and 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.

### **8.4 Invitation to Tender**

**8.4.1** 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.

**8.4.2** 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.

### **8.5 Aspects to Consider**

#### **8.5.1 Financial**

- Like for like prices must be considered and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision;
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs;
- Is there scope for negotiation in the bid;
- Is the price of the contract in line with expectations and is it a cheaper alternative than current contracts if applicable.

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

- Qualifications of the contractor;
- Relevant experience of the contractor;
- Descriptions of technical and service facilities;

- Certificates of quality/conformity with standards;
- Quality control procedures;
- Details of previous sales and references from past customers.

### **8.5.3 Other Considerations**

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

### **8.6 Tender Instructions**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders can be submitted by either email or by post. Tenders received after the submission deadline should not be accepted.

### **8.7 Tender Opening Procedures**

**8.7.1** All tenders submitted should be reviewed at the same time and the tender details recorded. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

**8.7.2** Two people should be present for the opening of tenders as follows:

- For contracts up to £50,000) - the CFO or the Head Teacher of the specific Academy plus a member of the Trust Business Committee.
- For contracts over £50,000) - the CFO and the Head Teacher of the specific Academy plus a member of the Trust Business Committee.

### **8.8 Tendering Evaluation and Acceptance**

**8.8.1** The Trust Board has set a minimum requirement of 3 tenders for fair evaluation purposes and in the interest of achieving best value. In any consideration of less than that number being received, the Trust Board should consider whether this is sufficient and consider re tendering. Decisions to go ahead should fully document the justification.

**8.8.2** 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.

**8.8.3** 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.

- 8.8.4** Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Trust Business Committee highlighting the relevant issues and recommending decision, to be ratified by the Full Governing Body and Trust Board. For contracts under £50,000 the decision and criteria should be reported to the Trust Business Committee for their approval and reported to the Trust Board.
- 8.8.5** Where required by the conditions attached to a specific grant from the DfE / ESFA, their approval must be obtained before the acceptance of a tender.
- 8.8.6** The accepted tender should normally be the one that is economically most advantageous in terms of best value to the Trust that meets all the requirements. All parties should then be informed of the decision. Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Trust Board. All decisions made must be justified and recorded as such in the minutes of that meeting for future reference.
- 8.8.7** A copy of the tender documentation should be held on site for easy reference as required.
- 8.8.8** Acceptance of any tender will be confirmed to the contractor in writing and no work shall be started until this has been done.
- 8.8.9** Once acceptance has been made, there will be a holding period of 10 days to ensure any appeals can be made from unsuccessful bidders.
- 8.8.10** Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without the written permission of the Trust Board.

## 9 Financial Planning and Review

The Trust prepares both medium term (3 years) and short-term financial plans. The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years and provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below:

### 9.1 Development plan

The development plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated. The form and

content of the development plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the Education & Skills Funding Agency.

### **9.1.1 Development planning cycle**

Each year the CEO and Head Teachers will propose a planning cycle and timetable to the Trust Board and the Local Governing Body which allows for:

- A review of past activities, aims and objectives - “did we get it right?”
- Definition or redefinition of aims and objectives – “are the aims still relevant?”
- Development of the plan and associated budgets – “how do we go forward?”
- Implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course” and feedback into the next planning cycle – “what worked successfully and how can we improve?”
- The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Head Teacher
- The timetable for Development Planning will be worked on by the CEO and Headteachers.

### **9.1.3 Development Plan Content**

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

### **9.1.4 Development Plan Monitoring**

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to the Head Teacher / Senior Management Team. The Senior Management Team should monitor performance against the defined success criteria throughout the year. The Head Teacher will report to the CEO and Local Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action. The Trust Board will also be informed of any significant divergences that occur throughout the year.

## **9.2 Annual Budget**

**9.2.1** The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget with the assistance and input of the Finance Leads. The budget must be approved by the CEO, individual Academy Head Teachers, the Trust Business Committee and the Trust Board.

**9.2.2** The approved budget must be submitted to the Education & Skills Funding Agency in accordance with their published deadline each year and the Chief Financial Officer/ Finance Leads is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

- 9.2.3** The annual budget will reflect the best estimate of the resources available to the Trust and its Academies 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.
- 9.2.4** Detailed records will be kept of all information used in preparing the budget including estimation of staffing requirements and calculations of all costs cross referenced to any assumptions made.
- 9.2.5** The annual budget will be profiled to facilitate a cash flow estimate for each month and will include cash flow estimates for each Academy in the Trust.

### **9.3 Budget Planning**

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of grants receivable from the ESFA;
- Review of other income sources available to the academy to assess likely level of receipts eg other grants and hirings income;
- Review of past performance against budgets to promote an understanding of the Trust cost base;
- Identification of potential efficiency savings over the next year and 3 years;
- 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;
- Consideration of asset management plans and surveys.
- Ensuring that each academy in the Trust has budgeted business plans in place for all trading activities e.g. catering, uniform sales etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required from the budget to cover a budgeted deficit, then this must be formally approved by the Local Governing Body and recorded in the minutes of the meeting at which it was discussed and agreed. All budgeted business plans should be clearly linked to the Trust Development Plan.

### **9.4 Balancing the budget**

- 9.4.1** 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.
- 9.4.2** If a significant deficit is expected, after having reviewed all possible avenues, i.e. cuts and redundancies, the Chief Financial Officer with the Trust Board and Local Governing Body's approval, should contact the Education & Skills Funding Agency for further instruction before setting a deficit budget.

## **9.5 Finalising the Budget**

- 9.5.1** Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Lead for approval by the Chief Financial Officer, Head teacher, the Trust Business Committee and the Local Governing Body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 9.5.2** The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.
- 9.5.3** The budget must be approved by the Trust Board and the Local Governing Body on an annual basis. The approved budget should be loaded on the academy's financial accounting system and "fixed". Any subsequent changes to the budget (virements, including changes to funding) should be in accordance with the virements policy outlined in section 2 of these regulations.
- 9.5.4** A copy of the signed budget plan should be placed in the Trust Board and Local Governing Body's minute file and a further copy retained by the Head teacher, Chief Financial Officer and Finance Lead.
- 9.5.5** Budget holders will be informed of the budget available to them as soon as the budget is approved. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

## **9.6 Budget Monitoring and Review**

- 9.6.1** Monthly budget monitor reports will be prepared by the Finance Lead at each Academy in the Trust. The reports will be system generated including actual income and expenditure against budget both for budget holders and at a summary level for the Head teacher, CFO and the Trust Business Committee
- 9.6.2** A narrative report should accompany the system reports, including reasons for significant variances against budget and with a forecast of income and expenditure to the year end. The report should be clear and concise so the Governors of the Local Governing Bodies at each Academy can clearly understand any variances.
- 9.6.3** Any potential overspend against the budget must in the first instance be discussed with the Finance Lead and then the Head Teacher. Overspends will be reported to the CEO in the monthly management accounts.
- 9.6.4** The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, budget virements must be reported to the Trust Business Committee in accordance with Section 2.3.
- 9.6.5** The Trust's CFO will produce management accounts on a monthly basis and these will be distributed to the Directors promptly after they have been finalised.

**9.6.6** **IF** financial monitoring reports are given in a non-system format, i.e. spreadsheets or user defined reports, then they will be reconciled with a system generated report. A nominated governor must be appointed to perform this reconciliation and minutes must record its satisfactory completion. This gives governors clear assurance that the information being reported is a true reflection of that held on the accounting system.

## **9.7 Financial returns**

**9.7.1** The Finance Lead of each Academy in the Trust will be responsible for ensuring that all financial transactions are recorded on the Trust's financial accounting system which is Access. They must ensure transactions are posted in line with guidance issues by the ESFA and the Academies Trust Handbook.

**9.7.2** The Finance Lead in each Academy will be responsible for ensuring the VAT:

- Is correctly accounted for on the Trust's financial accounting system in accordance with HMRC and ESFA guidelines. VAT returns will be reviewed by the CFO and Trust Finance Manager to ensure they are completed and posted into the financial accounting system correctly.
- Is properly and promptly claimed on a monthly basis and supported by relevant system reports and documentation to facilitate any HMRC inspections and the annual audit.

**9.7.3** The Chief Financial Officer will be responsible for preparing all the financial returns required by the ESFA including Budget Forecast, Budget Forecast Return: Outturn, Annual Accounts, Accounts Return (AR), etc. and other organisations whose funding is linked to conditions of spending. The Chief Financial Officer will receive support from the Finance Leads in order to ensure all returns are completed for all Academies in the Trust. All returns will be completed in the required timescales.

**9.7.4** In order to give a true and fair view the financial statements for the annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must also be prepared in accordance with the accounting policies agreed by the Academy Trust Board. A copy of the SORP together with accompanying information sheets, other Charity Commission guidance and legislation are available to view and download from the Charity Commission website.

**9.7.5** The Trust Board is responsible for approving the Trust's annual accounts and annual report. The Trust Board must also ensure the Trust's annual accounts are audited and submitted to the ESFA by the required deadlines which is currently by 31 December each year. Details of all requirements and disclosures in the annual accounts is outlined in the Academies Accounts Direction which is updated annually.

**9.7.6** The ESFA require the Trust to publish its Annual Accounts and Annual Report via the Trust website. The deadline for the publication of these documents is by the end of January following the financial year to which the Annual accounts relate.

## 10 Directors Allowance

- 10.1** The policy that outlines the payments of allowances to Governors/Directors must be made readily available to all parents and Governors/Directors. The Trust Board must consider the allowances to Governors/Directors on an annual basis and the outcome of their review must be minuted.
- 10.2** The Education (Governors' Allowances) Regulations 2003 provide the legal framework for governing bodies to pay 'out of pocket' expenses to their governors. The then DCSF (now DfE guidance which accompanied those regulations states, "It is good practice to pay such allowances as governors should not be out of pocket for the valuable work they do".
- 10.3** Legitimate allowances include: travel allowances to Governing Body, Committee meetings or training courses, cost of child-care while attending meetings or / training, cost of photocopying / printing papers for governing body business.
- 10.4** The Trust will reimburse mileage expenses to Governors/Directors for journeys to meetings and other functions at a rate in accordance with the limitations set out by HM Revenue & Customs.
- 10.5** Rates of subsistence will be paid up to the rates below, will not include claims for alcohol and must be supported by receipts. Alcohol expense claims are strictly prohibited and will not be processed unless for religious reasons. The same conditions apply as set out in section 6.4 covering mileage and subsistence.

Breakfast	£5
Lunch	£5
Evening Meal	£15

- 10.6** Authorisation of Directors' expenses will be by the Chair of the Trust Board. Claims by the Chair of the Trust Board will be authorised by both the Vice Chair of the Trust Board and the Chair of the Trust Business Committee.

## 11 Cash Management, Banking and investments

- 11.1** The Chief Financial Officer is responsible for preparing monthly cash flow forecasts to ensure that the Trust has sufficient funds available to pay for its day to day operations. If cash flow shortages are identified then plans should be made to cover any potential cash shortages.
- 11.2** If any significant cash flow shortages are identified at any time or are expected then this should be investigated promptly. The CEO and Chair of the Trust Business Committee should be informed. An investigation can then be commenced. It is important to firstly ensure if all income due for the period has been received and that expenditure is not irregular. If the investigation identified any fraud then the Trust's whistleblowing policy must be referred to and the ESFA will need to be informed if any fraud is seen as significant.
- 11.3** The opening of any new bank accounts must be authorised by the Trust Board under all circumstances. The Trust Board must set out in a formal memorandum the following:
- The arrangements covering the operation of the account including any transfers between accounts;
  - Cheque signing arrangements;
  - BACs facilities in place;
  - Direct debit and standing order authorisations.
- 11.4** The Trust must always ensure there are funds in its bank accounts and no account must ever be overdrawn. If any account becomes overdrawn this must be communicated straight away to the CEO and the Chair of the Trust Business Committee. The Trust must seek the Secretary of State's approval for any borrowing which includes overdraft facilities.
- 11.5** Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include the amount of the deposit, split between cash and cheques with cheques listed separately and a reference i.e. receipt number or the name of the debtor.
- 11.6** Transfers between the Trust's bank accounts, should have a suitable narration to facilitate audit trail, especially where online banking facilities are used.
- 11.7** Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure. This provision applies to all accounts operated by or on behalf of the Governing Body of the Trust.
- 11.8** All cheques and other instruments authorising withdrawal (including direct debits and standing orders) from academy bank accounts must bear the signatures per the bank mandate in place. Cheques are to be phased out across the Trust.

**11.9** Cheques should be used only when absolutely necessary as the Trust has a BACs and online payment system in place which ensures efficient and effective payments can be made.

**11.11** A current bank mandate for Direct Debits and Standing Orders must be retained on file and the mandated signatories should be consistent with those detailed above.

**11.12** The Finance Leads must ensure 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 Trust's accounting system
- Reconciliations are prepared by the Finance teams within one week of receipt of the month end statement;
- Reconciliations are subject to an independent monthly review carried out by the Chief Financial Officer or in their absence the Responsible Officer (RO);
- Adjustments arising are dealt with promptly, i.e. any unreconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken and recorded.
- Any errors must be investigated promptly and rectified.

**11.13** Investments must be made only in accordance with written procedures approved by the Trust Board and clearly held in the Trust's name. Aspects to consider include:

- Objectives;
- Risk;
- Type of investment and term;
- Academy's financial position;
- Financial limit for type of investment;
- Spreading investments between providers to ensure savings are covered by the Financial Services Authority;
- Security of access;
- Rate of return;
- Charges;
- Business interests of Directors, Governors and Trust staff;
- Ethical, social and environmental considerations;
- Review including review of performance.

**11.14** All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received and recorded on the financial accounting system.

## 12 Fixed Assets

### 12.1 Introduction

Fixed assets include:

- Freehold and Long Leasehold Buildings
- Fixtures and Fittings
- Plant and Equipment
- Computer Equipment
- Motor Vehicles

The Trust has a separate Fixed Asset Policy which can be found on the Trust's website.

### 12.2 Depreciation

Fixed assets are depreciated in line with the Trust's Fixed Asset Policy.

### 12.3 Capitalisation limit

All items purchased with a value over the academy's capitalisation limit of £2,000 must be entered in an asset register. Other attractive items below the limit could be included to assist with insurance claims. The Asset Register is in place for the following reasons:

- 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 when required;
- Help the External Auditors to draw conclusions on the annual Financial Statements and the Trust's Financial System
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

### 12.4 Responsibility to maintain Fixed Asset Register

The Chief Financial Officer is responsible for maintaining the asset register. Each Academy Finance Officer/Finance Lead is responsible for identifying additions throughout the year and reporting these to the Chief Financial Officer so the register can be updated.

### 12.5 Inclusions on the register

The Fixed Asset Register should include the following information:

- Book value of items transferred in
- Asset description
- Date of acquisition
- Asset cost
- Expected useful economic life
- Depreciation (incl. brought forward and carried forward)

- Depreciation on disposal (if applicable)
- Current book value
- Location in Academy
- Name of the Academy where the asset is held
- Disposals
- Additions

## **12.6 Security of Assets**

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

## **12.7 Maintaining the register**

There should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Trust Board. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

## **12.8 Leased assets**

Finance leases are not allowed in line with the Academies Trust Handbook therefore no leased assets should be added to the Fixed Asset Register.

## **12.9 Disposals**

No disposals of assets on the register should be made without informing the Chief Financial Officer.

**12.9.1** The Trust must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.

**12.9.2** Items which are to be disposed of by sale or destruction must be authorised for disposal by the Head Teacher up to £1,000 the CEO up to £5,000 the Board of Directors over £5,000. Where significant, the items should be sold following competitive tender.

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

#### **12.9.4 ESFA requirements**

The Trust must obtain prior ESFA approval for the following transactions:

- Acquiring a freehold land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

## **13 Insurance**

### **13.1 Insurance requirements**

The Trust Board must ensure the Trust has adequate insurance cover in place to support its activities and to comply with statutory requirements, or has opted into the academies risk protection arrangements (RPA). The Trust must note that not all risks are covered by the RPA (eg. motor vehicles). For items not covered under the RPA, each Academy in the Trust must ensure alternative sufficient insurance cover is obtained.

### **13.2 Other insurance**

Other insurance cover to be arranged should include:

- Cash in transit;
- Personal accident;
- Fidelity guarantee;
- Off-site activities insurance, covering comprehensive travel risks for official trips and activities taking place off site;
- Cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils ;
- Staff sickness insurance;
- Motor vehicles such as Minibuses;
- Engineering inspection contract to cover statutory inspection requirements relevant to lifts, boilers, air receivers and fume cupboards etc. This list is not exhaustive.

### **13.3 Responsibility to obtain insurance cover**

It is the responsibility of the Academy Headteachers and the Trust's Chief Financial Officer to arrange and renew insurance for the Trust. Finance leads at each Academy in the Trust must inform the CFO if their insurance is due to expire so a renewal can be looked into and best value for money insurance sought in a timely manner.

### **13.4 Obtaining insurance**

The Chief Financial Officer and the Trust must consider the following aspects before insurance is entered into:

- Value for money of the insurance;
- Are all required areas covered within the insurance;
- Reputation of the insurance supplier;
- Any hidden costs within the policy.

### **13.5 Insurance claims**

The Finance Leads at each Academy in the Trust will be responsible for immediately informing the insurers as soon as an accident, loss or any other incidents occur which may result in an insurance claim arising.

### **13.6 Personal vehicle insurance**

The employees of the Trust must ensure they have their own adequate personal insurance for using their own vehicles for school business.

## **14 VAT**

### **14.1 VAT Returns**

VAT 126 forms must be completed and submitted by the Chief Financial Officer. VAT returns are extracted from the Access Finance system on a monthly basis and submitted to HMRC for reimbursement at the Trust level. All claims for reimbursement are prepared by the Chief Financial Officer and reviewed and signed by the CEO. The VAT on purchases can be reclaimed due to the Trust's Academy status. All VAT refunds are expected to be received from HMRC a month and 7 days after the accounting period.

On an annual basis the Chief Financial Officer reviews the 'standing information' held on the computerised system for each supplier to ensure that the details are correct, e.g. that the VAT number is still appropriate and correct.

### **14.2 Input VAT**

The general principles of VAT apply to schools in the same way as organisations generally. However, schools are in a favourable position in that they are allowed to reclaim VAT on purchases as a result of s.33B VAT Act 1994. This act allows Academies to reclaim the VAT incurred on purchases, imports and acquisitions which relate to their non-business activities. It also allows academies to recover the VAT incurred on those goods and services that they purchase, and on those goods that they acquire from another Member State or import, which are used in connection with the education they teach for no consideration

It is the responsibility of the Chief Financial Officer and Finance Leads to ensure that VAT invoices are received wherever possible so that input VAT may be recovered through the

accounts. Where a formal VAT receipt or invoice cannot be obtained, it is not normally possible to recover the VAT charged.

Where employees of the Trust have purchased goods over the internet, and from EU countries where a sales tax has been charged i.e. the equivalent of UK VAT, the amount charged in respect of sales tax cannot be recovered on the school's VAT reimbursement claim.

### **14.3 Output VAT**

Output VAT earned on certain related sales must be paid over to Her Majesty's Revenue and Customs (HMRC). It is the responsibility of the Chief Financial Officer and Finance Leads to ensure that VAT is charged and analysed on all appropriate income. The areas of potential VATable income currently operated by the Trust are:

- Sales of any assets on which VAT was originally claimed
- Private photocopying
- Private phone calls
- Pay phone
- Stationery / equipment sales
- Lettings
- Non-refundable locker income
- Production ticket sales
- Adult meals
- External catering
- Instrument hire without lessons provided by the Local Authority

The Trust is not currently VAT registered.

The Trust is aware that all income and expenditure items must be processed through the same account, i.e. items for resale in the private account cannot be initially purchased through the general account in order to recover input VAT.

### **14.4 Private or Unofficial Funds**

The Trust's private funds are not part of the Academy registration and form a business activity relating solely to each individual Academy. Therefore, the business turnover will be subject to VAT limits and should it exceed the VAT limit (£85,000) the Trust will be required to register for VAT. At present the private business activities of the school do not have requirement to be VAT registered.

### **14.5 General**

The Chief Financial Officer is responsible for the administration of VAT within the Trust's accounting package. This is processed in accordance with the guidance set out in the Academies Trust Handbook.

## 14.6 VAT Accounting

The Chief Financial Officer ensures that the Trust and the individual Academies have been reimbursed for all VAT due i.e. received payment for all claims submitted, through careful monitoring of the traded services reports.

The Chief Financial Officer also undertakes regular system reconciliations to ensure that the financial package properly reconciles, i.e. that the outstanding VAT claims match the amount reflected in the VAT control account within the financial package. Any discrepancies are taken up with HMRC in the first instance and then reported back to the Chief Financial Officer.

## 15 Internal control

**15.1** The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. It is also based on strong communication at all levels. In particular the framework includes:

- Comprehensive budgeting and monitoring of systems with an annual budget being set and monthly management accounts being presented to the Trust Business Committee and questioned.
- Regular reviews by the Trust Business Committee of financial reports which show financial performance against the budget and forecasts as well as major capital works, purchase plans and expenditure programmes.
- Clearly defined purchasing guidelines.
- Setting targets to measure financial and other performance.
- Delegation of authority and segregation of duties.
- Identification and management of risks.
- Discussion of financial projects and strategic future.

**15.2** The Finance Leads are responsible for carrying out or overseeing the monthly bank statement reconciliations for all bank accounts held by the Trust. Bank reconciliations should be carried out on a timely basis which is normally within one week of the month end statement being received. Any discrepancies with the bank reconciliations will be investigated immediately and these will be reported to the Head Teacher, Bank and CFO as necessary. Major issues would also need to be reported to the CEO.

**15.3** The CFO is responsible for completing the monthly VAT returns for all Academies in the Trust and is responsible for ensuring the consolidated VAT Return is submitted to HMRC in a timely manner. The receipt of all VAT payments must be reconciled against the VAT control account on a monthly basis. Any discrepancies with VAT receipts must be investigated immediately and HMRC would need to be contacted. The CFO is responsible for transferring VAT refunds from the central bank to the correct Constituent Academy bank account.

**15.4** The Head Teacher at each Academy in the Trust is responsible for periodically checking the following (at least once per term, ideally once per month), and signing and dating to confirm that the checks have been made:-

- All payments made to suppliers have been correctly authorised.
- No payments have been made that could be classed as ‘fee payments’ to individuals without completing the necessary checks to confirm self-employed status.
- Income received by the Academy can be traced from source to financial system entry and bank statement.
- Bank account reconciliations are being completed each month for **all** academy bank accounts.
- Charge card statements are being reconciled on a monthly basis and authorised correctly.
- The funding budget entered on the Academy’s financial accounting system is reconciled promptly to the sources of income, i.e. ESFA statement of funding
- VAT returns are being submitted on time and the refunds are being repaid and reconciled correctly.
- Petty cash reconciliations are being completed where required.
- Direct debit and standing order arrangements are appropriate and have been correctly authorised.
- Individual staff salary payments are reconciled to the employee’s contract on a regular basis (at least each term).
- The Payroll control account is being reconciled on a monthly basis and all third party payments are paid across correctly.
- All balance sheet accounts i.e. Creditors, Debtors, control accounts are reconciled each month.

### **15.5 Separation of duties**

It is the responsibility of the Head Teacher at each Academy in the Trust to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:

- i. Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
- ii. Authorisation – the authorisation of transaction such as a purchase order and the payment.
- iii. Payment – the raising of cheques / BACS and cheque / BACS signatories.
- iv. Custody – the holding of goods and services.
- v. Recording – the completion of the accounting records
- vi. Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation

It is accepted that the Trust Board is aware of the need for separation of financial duties, however due to the small size of some of the Academies in the Trust there may be insufficient staff to separately perform some of these tasks, therefore extra additional checks will be made by the Head teacher or a nominated member of the Local Governing Body. The CFO will

also oversee the finance function and can review and authorised finance tasks and reconciliations to ensure a separation of duties is in place and a review process is established.

The Finance Leads will acknowledge that when making a BACS run they have checked all goods and services have been satisfactorily received as ordered for all included invoices. The individual authorising the BACS run in each individual Academy agrees that by authorising the BACS all goods and services have been received and all invoices are cleared for payment. Any individual invoices not approved but authorised for payment on a BACS run are taken as authorised by the relevant individual.

## 16 Appendices

Appendices are in separate documents.