



# The Southfield Trust Financial Regulations Policy

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**This policy was adopted by the Board of Trustees on 30/11/17.**

Remo Palladino, Executive Headteacher ----- Date -----

Margaret Neal, Chair of Trustees ----- Date -----

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|--------------------------|----------------------|
| <b>Committee:</b>        | <b>Trustees</b>      |
| <b>Approved on:</b>      | <b>30/11/17</b>      |
| <b>Next review date:</b> | <b>Term 2 - 2018</b> |

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|--|---------------------------------|
| <b>Associated documentation</b>        |                                 |
| <b>Academy trust funding agreement</b> | <b>Master Funding Agreement</b> |
| <b>Academies Financial Handbook</b>    | <b>2016 edition</b>             |

This document sets out the regulations for the academy trust

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## Introduction

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

## Financial Planning

To assist you with preparing budgets and identifying efficiencies the EFA has published a series of factsheets on gov.uk (<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>)

4. The academy trust prepares rolling 3 to 5 year budgets.

### The budget cycle

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

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

### Budget

6. The Director of Resources is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Executive Headteacher and Trustees.

7. The annual budget will reflect the best estimate of the resources available to the academy 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.
8. The budgetary planning process will incorporate the following elements:
  - forecasts of the likely number of pupils to estimate the amount of General Annual Grant
  - latest estimate of other EFA funding e.g. pupil premium, Yr7 Catch-Up or other specific funds
  - SEN top up funding forecasts from LA
  - review of other income sources available to the academy to assess likely level of receipts
  - review of past performance against budgets to promote an understanding of the academy cost
  - review of the main expenditure headings and any expected variations in cost e.g. pay increases, inflation and other anticipated changes
  - all carry forward balances
  - any unspent grants from the previous financial year
9. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.
10. If there is a significant (over 10%) departure from the anticipated budget (where this budget is at least £20,000) this will be escalated to the Trustees as part of the management accounts procedure.
11. The approved budget is then entered onto the finance system at the start of the new financial year.

### **Other Government Funding**

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

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

14. In addition to the GAG funding from the EFA the academy/MAT and other government funding, the academy/MAT may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, and Charitable Grants etc. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
15. The **Finance Manager** is responsible for recording income and expenditure for each grant, providing reconciliation within the management accounts.

## Funds held in Trust

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

## Virements

17. The Executive Headteacher is given delegated power to vire from one budget to another and shall seek approval from the **Trustees**, including retrospectively, where the amount exceeds £15,000.

## Revised Budget

18. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer and Director of Resources and reports forwarded to the Board Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the **Trustees** and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Trustees. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

## Budget Forecast Return

As part of the funding agreement with EFA academy trust's must submit their Budget Forecast Returns (<https://www.gov.uk/government/publications/academies-budget-forecast-form>)

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

## Monitoring and review (including management accounts)

20. Reports to the Trustees are prepared by Director of Resources. The reports include:
- actual income and expenditure against budget (shown as month to date and cumulatively)
  - balance sheet
  - cash flow forecast
  - one page summary highlight and explaining variances of at least 5% or £15,000 (whichever is smaller)
21. Any potential overspend against the budget must in the first instance be discussed with the Executive Head Teacher.
22. The monthly reports are sent to the accounting officer, Trustees receive these reports 3 times per year.

## Independent checking procedures

Details of the requirements for delivering assurance are found in the financial handbook

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/633375/Academies\\_Financial\\_Handbook\\_2017.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/633375/Academies_Financial_Handbook_2017.pdf)

- An internal audit service carried out by Whitley Stimpson our external Auditor at least annually.
- Appointment of non-employed trustee – the Trust will always seek to ensure that at least 2/3 of Trustees are not employed by the Trust.
- Peer review – the Trust will seek to engage professionals from a range of local educational settings to review and report on financial procedures at the Trust.

## Review of regularity

23. The Executive Headteacher (in their role as Accounting Officer) reviews the following documents to ensure the academy trust is working within the boundaries of regularity and propriety:

- reviews management accounts
- reviews compliance against the scheme of delegation
- reviews transactions for evidence of connected party transactions
- value for money practice

24. The Accounting Officer has delegated the following responsibilities to Director of Resources

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
- review of trustees minutes

## Annual accounts

The Academies Accounts direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

25. The academy trust must prepare annual audited financial statements for the accounting period to 31 August.

26. The accounts are outsourced to our auditors for preparation.

27. The accounts are then submitted as follows:

- by 31 December – to EFA
- by 31 January – published on our own website
- by 31 May – to Companies House

## Value for money statement

Value for money must be reviewed annually and examples must be focussed on how educational outcomes have been improved. The accounts directions 4.2.5 (<https://www.gov.uk/guidance/academies-accounts-direction>) explains the requirement in further detail.

28. As part of the annual accounts the trust must include 3 focussed examples of value for money.
29. The Director of Resources is responsible for collating the examples.

## Audit arrangements

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

## Work undertaken during accounting period

32. The Director of Resources is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
  - reviewing the structure of the trial balance
  - maintaining a fixed asset register
  - Ensuring maintenance of income and expenditure records (including filing of invoices)
  - maintaining a record of Trustees interests, related and connected party transactions
  - control account reconciliations (bank, wages, debtors, creditors)
  - maintaining a record of meeting attendance
  - Monitoring & reporting to the Accounting Officer and Board of Trustees

## Work undertaken for the year end

33. The Director of Resources ( supported by our Accountants) is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
  - stock take and including of year end stock value
  - prepayments for IT licenses
  - prepayments or accruals for grant income
  - control account reconciliations (bank, wages, debtors, creditors)
  - close down of the purchase ledgers
  - close down of the Sales ledgers and aged debtors
  - pension valuations
  - Pension Audit

## Accounts Return

As part of the funding agreement with EFA academy trust's must submit their Accounts Returns (<https://www.gov.uk/government/publications/academies-august-accounts-return-template-and-guide>)

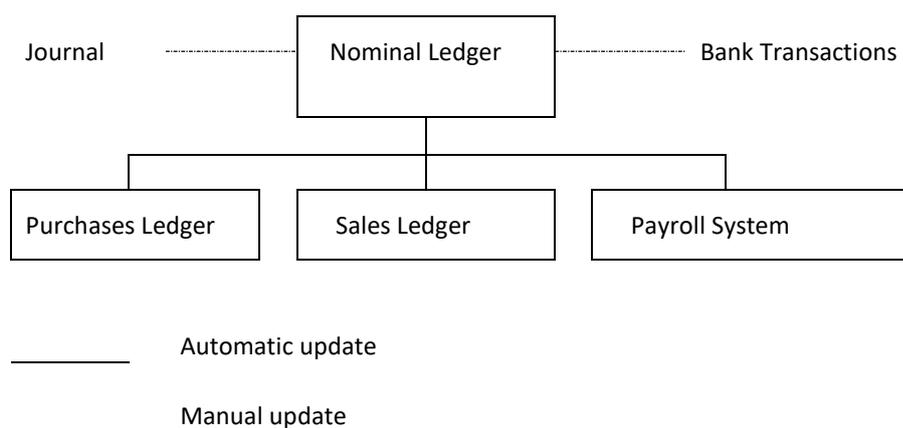
34. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the EFA by 31 January.
35. The accounts return is outsourced to our auditors for preparation.

## Document retention

36. Documents are retained for the following amount of time:
  - Finance records – current year plus preceding 6 years excluding the year preceding conversion to Academy Status on 01/04/16 (Year 01/04/15-31/03/16) as this information is held by East Sussex County Council
  - Supply cover insurance – current year plus preceding 6 years
  - Payroll and travel records – current year plus preceding 6 years
  - Personnel records – 5 years after an employee has left
  - All student files following their departure from school for 25 years

## Accounting system

37. All the financial transactions of the academy trust must be recorded into **P S Financials**, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



## System Access

38. Access to the system is password restricted to Director of Resources, Finance Manager, Personnel Manager and Finance Assistant and external accounting provider. The Accounting Officer has access to review and

Authorise when necessary.

### **Back-up Procedures**

39. The P S Financials data is backed up using cloud based off site system. P S Financials hold appropriate Data protection policies in place to ensure the data protection of our information.

### **Transaction processing**

40. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
41. All journal entries are documented on the PSF system and can be reported on from the system.
42. Bank transactions are input by Finance Manager or Finance Assistant and reviewed by Director of Resources.

### **Transaction reports**

43. The Director of Resources reviews the following system reports to ensure that only regular transactions are posted to the accounting system:
- audit trail reports;
  - masterfile amendment reports for the payroll, purchase ledger and sales ledger;
  - management accounts summarising expenditure and income against budget at budget holder level

### **Reconciliations**

44. The Director of Resources is responsible for ensuring the following reconciliations are performed and that any reconciling or balancing amounts are cleared:
- sales ledger control account
  - purchase ledger control account
  - payroll control account
  - VAT control account
  - bank balance per the nominal ledger to the bank statement
45. Any unusual or long outstanding reconciling items are brought to the attention of Director of Resources and dealt with according to the bad debt limits in this manual.

## **Cash Management**

### **Bank Accounts**

46. The following procedures must be followed when opening a bank account and operating it:
- the trust is responsible for selecting the banking institution and negotiating the terms and conditions
  - the Trustees must authorise the opening of all bank accounts
  - the academy/MAT will ensure that in the event of changes to key personnel, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
  - terms of arrangements, including cheque signatories or BACS authorisations and the operation of the

- accounts must be formally recorded and agreement minuted
- the trust must ensure there are sufficient funds to cover large payments

### Deposits

47. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit
  - a reference (for example the number of the receipt or the name of the debtor)
48. The **Finance Manager** is responsible for updating the accounting system for deposits placed.

### Payments and withdrawals

49. All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Executive Headteacher - Executive Headteacher
  - Director of Business & Finance - Director of Resources
  - Business and Operations Manager – Finance Manager
  - Business and Operations Manager – Personnel Manager
50. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
51. The **Finance Manager** is responsible for updating the accounting system for Payments and withdrawals placed.

### Administration

52. The Finance Manager ensures bank statements are received regularly and that reconciliations are performed. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the academy's cash book
  - reconciliations are prepared by the Finance Department
  - reconciliations are subject to an independent review carried out by Director of Resources or in his/her absence the Executive Headteacher
  - adjustments arising are dealt with promptly

### Petty Cash

53. The academy trust maintains a maximum cash balance of £300 per site, for the purchase of minor items, which is held in the office safe and is the responsibility of Finance Manager.
54. The petty cash float must not be used for:
- cashing personal cheques
  - paying staff loans

## **Payments**

55. In the interests of security, petty cash payments are limited to £25. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

## **Administration**

56. The petty cash float is maintained on the imprest system and the float is only reimbursed from the main bank account.
57. The petty cash float is reconciled by Finance Assistant. The reconciliation is then reviewed by Finance Manager and initialled as evidence of review.
58. The Director of Resources carries out a spot check of the petty cash float.

## **E-procurement & Payments**

59. The school credit card (NatWest Bank) is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meeting etc.
60. The card is kept in the safe and is only used by:
- **Teresa Evenden, Finance Manager**
  - **Linda Hughes, Director of Resources**
  - **Remo Palladino, Executive Headteacher**
61. Any department wishing to make a purchase on credit card must complete an order form and pass this to the Finance Manager, or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.
62. Occasionally the credit card is used to purchase small items, where it is not possible to order this elsewhere. This must be recorded and countersigned by the Executive Headteacher.
63. When the credit card bill arrives there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for the statement.
64. The credit card bills, along with all the relevant pre signed order forms are then given to the Finance Manager who will check the statement. These are then filed away together in the credit card folder, until the end of the financial year, when they will then be transferred to the finance storage box for that year.

## **BACS Payments**

65. On receipt of an invoice, the budget holder or Executive Headteacher signs the invoice, to signify:
- an official purchase order has been raised for the purchase
  - the delivery note has been checked
  - the delivery is of correct quantity, quality and price

- it has not been previously paid
  - funds are available in the relevant budget
  - VAT chargeability on qualifying expenditure is shown
66. The payment is then prepared and the BACS payment then passes it on to two of the cheque signatories who check in ensure that the bank and sort codes have been correctly entered and approves payment.
67. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.
68. The Admin Team ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

## Investments

69. Investments are made in accordance with written procedures approved by the Trustees.
70. All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## Reserves

71. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
72. The **Executive Headteacher** as Accounting Officer must inform EFA immediately if a deficit is anticipated.
73. If the academy trust is anticipating a deficit at the end of any financial year, the Trustees and **Executive Headteacher** have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the EFA.

## Capital Reserves

74. Any overall surpluses at the end of the year are carried over to the following year.
75. It is the responsibility of the Director of Resources to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## Endowments

76. The Trust has no Endowments.

# Payroll

## Staff Appointments

77. The **Executive Headteacher** has authority to appoint staff within the authorised establishment except for **Executive Headteacher**. Head of School appointments must follow consultation with the Trustees. The Personnel Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the **Personnel Manager** immediately.
78. The **Personnel Manager** is responsible for obtaining the relevant DBS checks and ensuring these are retained on file

## Payroll Administration

79. Payroll is administered through the academy trust's payroll provider department.
80. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:
  - salary
  - any deductions or allowances payable
  - other legal and relevant details
81. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the budget holder, prepared by the Finance Team and signed off by **Head of School**.

## Payments

82. Before payments are dispatched a printout of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation by the Personnel Manager and then reviewed and initialled by Director of Resources.
83. All salary payments are made by BACS.
84. The Personnel Manager prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed by Director of Resources.
85. The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and BACs payments for these amounts are prepared by the contracted payroll provider.
86. After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

## **Salary advances**

87. The trust does not award salary advances.

## **Overtime**

88. Overtime is recorded by the individual and submitted by 19 of each month to **Head of School** for authorisation, The **Personnel Assistant** completes the claim forms and copies of the time sheets in the main office.
89. Claim forms must not be submitted prior to work having been undertaken.
90. No payments for work undertaken will be made other than via the payroll system.

## **Severance payments**

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

## **Ex-gratia payments**

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

## **Income**

### **EFA grants**

95. The main sources of income for the academy are the grants from the EFAs. The receipt of these sums is monitored directly by Director of Resources who is responsible for ensuring that all grants due to the academy are collected.

### **Other grants**

96. The receipt of these sums is monitored directly by Director of Resources who is responsible for ensuring that all grants due to the academy are collected.

### **Trips**

97. A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Department.
98. Students should make payments to the Finance Department. A receipt must be issued for all monies over £10.00 collected and the value of the receipt and the number of the receipt recorded against the student

making the payment.

99. The Finance Department should maintain an up to date record for each student showing the amount paid and the amount outstanding.
100. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Executive Headteacher in advance of the booking being made.

## **Catering**

### ***If cash payments***

101. Cash payments must be reconciled on a daily basis by **Chartwell's Catering Contractor's** to the lunch records and carried out under their own financial management regulations. Where there are discrepancies the company request the school contact the Parent in the first instance to establish reason for error.

### ***If electronic cash collection***

102. The Catering Contractors manages all catering payments; where there are discrepancies the company request the school contact the Parent in the first instance to establish reason for error.

## **Lettings**

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

## **Sundry income**

106. Income from other sources (for example educational consultancy) is priced in consultation with **Executive Headteacher**. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed Consultants Policy. The **Executive Headteacher** approves all credit agreements.

## **Gift aid**

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

have been made.

### **Bad debts**

108. The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.
109. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Director of Resources submits a report to **Executive Headteacher** for approval of write off.
110. The following write off limits apply:
  - Up to £250 – Accounting officer
  - £251 to £1,000 – Trustees
  - Over £1,000 – Trustees and refer to debt collecting agency

### **Purchasing**

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

### **Routine Purchasing**

112. It is the responsibility of the budget holder to manage their budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder when required. Budget holders will be able to monitor data relating to their own budget areas.
113. Routine purchases up to £4,999 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Department. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with Director of Resources. Copies of all quotes must be attached to the order form.

### **E-procurement**

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

## Orders

116. All orders must be made, or confirmed, in writing using an official order form, stocks of which are held by the Finance Department. Orders must bear the signature of the budget holder and must be forwarded to the Finance Department where **Finance Manager** will check to ensure adequate budgetary provision exists before placing the order.
117. Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Finance Department
118. The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the **Finance Assistant** must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
119. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Department should be notified.
120. All invoices should be sent to the Finance Department. Invoice receipt will be recorded by the Finance Department (and the invoice scanned) into the Financial Information System purchase ledger module) The Finance Department will stamp invoices with a grid evidencing budget holder authorisation.
121. If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
122. The Finance Department will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.
123. BACS payments are input by the Finance Team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

### Orders over £5,000 but less than £35,000

124. At least three written quotations should be obtained for all orders between **£5,000 and £35,000** to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.

### Orders over £35,000

125. All goods/services ordered with a value over £35,000, or for a series of contracts which in total exceed £35,000 must be subject to formal tendering procedures.

### Official Journal of the European Union

126. Purchases over £50,000 are to be dealt with in accordance with OJEU

OJEU (<http://www.ojeu.eu/>) updates the procurement thresholds per annum and the most up to date ones can be found on their website: <http://www.ojeu.eu/thresholds.aspx>

## Trading with related and connected parties

127. The Trust has an agreed Code of Conduct Policy relating to trading with connected and related parties.

## Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with Executive Headteacher how best to source suppliers.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs,
  - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders,
  - only one or very few suppliers are available,
  - extreme urgency exists,
  - additional deliveries by the existing supplier are justified.

## Preparation for Tender

129. Full consideration should be given to:

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

130. 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.

131. A tender brief must always be prepared and is reviewed by Executive Headteacher.

## **Invitation to Tender**

132. 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.
133. An invitation to tender should include the following:
- introduction/background to the project
  - scope and objectives of the project
  - technical requirements
  - implementation of the project
  - terms and conditions of tender
  - form of response
  - dates for decision and work to be delivered

## **Tender Acceptance Procedures**

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

## **Tender Opening Procedures**

135. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
- For contracts between £35,000 and £50,000 - two of the budget holder, The Director of Resources and Executive Headteacher
  - For contracts over £50,000 - the Director of Resources or the Executive Headteacher plus a member of the Trustees
136. A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.

## **Tendering Procedures**

137. 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.
138. 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.
139. Full records should be kept of all criteria used for evaluation and for contracts over £35,000 a report should be prepared for the Finance & Resources Committee highlighting the relevant issues and recommending a decision.
140. The accepted tender should be the one that is economically most advantageous to the academy. All parties are then informed of the decision.

## Insurance

141. The **Trustees** reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
142. We have opted in to the Department for Education's Risk Protection Arrangements.
143. Budget holders must ensure all valuable are kept under lock and key when not being used in a supervised manner.
144. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

## Governors/Trustees Expenses

You can access our 'Governor Allowances Policy' template on our EFA library:  
<http://www.nasbm.co.uk/EFAlibrary.aspx>

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

## Gifts

149. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the Accounting Officer in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses (see Donations Policy for further details).
150. Gifts that have been reported are entered onto the gifts and hospitality register.

## Energy Management

151. The Energy Management Team at ESCC are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual readings should be raised with the Director of Resources immediately.
152. The **Senior Site Manager** ensures that the school's heating system is operated and run as efficiently as possible.
153. The **Director of Resources** ensures that the school is purchasing energy at the most competitive prices available.
154. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

## Fraud

155. The trust does not tolerate fraud. Where instances of fraud are found the Director of Resources will notify the EFA.

## Whistleblowing

156. The trust has agreed the NASBM Academy Trust Whistle Blowing Policy.

## Leasing

157. The Trust does not permit Finance Leasing.
158. Operational leasing is permitted within the constraints of the Academies Financial Handbook.

## Central Mat Service Provision

159. The Central Mat services are provided to each academy as described in the Trust MAT SLA. Examples of such services include:

- Executive Leadership
- Trust Improvement strategies – e.g. Trust Communication Team, Trust Reading Strategy
- Non- Curriculum Professional Services
- Safeguarding Leadership and Management
- Resource Management
- Financial Administration and Management
- Personnel Administration and Management
- Site Management and Personnel
- Cleaning Management Services
- Catering Management Services
- Fleet Management (minibuses)
- Administration Service ( Admin Team on each site)

## VAT

### VAT 126 form

160. The **Finance Manager** is responsible for submitting the VAT 126 form per month.

## Fixed assets

### Asset register

161. All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered on the fixed asset register currently held as a manual document but this is currently being reviewed to move to an accounting software system to be implemented in 2017 with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- depreciation
- location

162. The asset register helps:

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

## **Security of assets**

163. All the items in the register are permanently and visibly marked as the academy trust's property.
164. Equipment is, where possible, stored securely when not in use.
165. An annual count is under taken by Senior Site Manager, who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the Board of Trustees.

## **Disposals**

166. Disposals, where applicable, are in line with the Academies Financial Handbook.
167. Items which are to be disposed of by sale or destruction must be authorised for disposal by Executive Headteacher and, where the current market value of the asset is greater than £1,000 it should be sold following competitive tender. The academy must seek the approval of the EFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

## **Loan of Assets**

168. Items of academy property must not be removed from academy premises without the authority of the Executive Headteacher, Director of Resources or Heads of Schools.
169. If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.