



The Rosary Trust

Financial Regulations

&

Financial Scheme of Delegation

2024-25

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Version History

V23.2	December 2023	Updated template in line with DfE best practice recommendations for procurement and in line with the summary list below.
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Amendments within v23.2

- The procurement related information within these template regulations has been updated to reflect the DfE Routes to Buy procurement guidance (current as at 6th December 2023 - [Buying for schools: how to buy what you need - Guidance - GOV.UK](#)). The updates include:
 - New Route to Buy table within the Authorisation and Approval Summary page
 - Section 8.18 – updated this section to reflect the 5 recommended routes to buy
 - Section 8.29-8.42 – updated the tendering section to reflect the DfE tendering process
- Throughout these template regulations, we have removed the suggested financial limits to allow trusts to decide for themselves.
- Authorisation and Approval Summary page – added in CEO (Accounting Officer) as a suggested level of approval.
- Section 4.10 – amended School Resource Management Self-Assessment Tool to School Resource Management Self-Assessment Checklist, in line with current DfE terminology.

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Financial Scheme of Delegation/Authorisation & Approval Summary

Expenditure Limits/Ordering Procedures

If approval for a contract that spans more than one year, the limits below apply to the total value over the life of the contract not the per annum cost.

Route to Buy	Value
Route 1: Use a DfE framework agreement	All values
Route 2: Use catalogues to find <u>low</u> value goods and services	Under £5,000
Route 3: Get at least 3 quotes from suppliers for medium value goods or services	£5,001 to £50,000
Route 4: Advertise a contract and run a tendering process for high value goods and services which are below the Public Contracts Regulation (PCR) threshold	Over £50,000
Route 5: Run a PCR compliant tendering process for goods and services above the PCR threshold	PCR thresholds* Goods: £214,904 Works: £5,372,609 Most services: £214,904 Some services for education are covered by the 'light touch regime'. This threshold is £663,540 (remains unchanged from 01/01/24). See Gov.uk website for more details.

Order/Invoice Authorisation

Process	Value	Delegated Authority
Order Approval	Up to £250	Finance Assistant
Order Approval	£251 to £500	School Business Manager/Bursar
Order Approval	£501 to £5,000	Deputy Head Teacher
Order Approval	£5,001 to £10,000	Head Teacher
Order Approval	£10,001 to £15,000	Local Governing Body
Order Approval	£15,001 to £20,000	Finance, Risk & Audit Committee
3 competitive quotations	£20,001 to £50,000	Trust Board
Formal Tender Process required	Over £50,000	Trust Board would usually oversee process in conjunction with a specialist
Find A Tender Procedure	Supplies and Services - £214,904 Works - £5,372,609	
Related Party Transactions	Over £40,000	ESFA approval required prior to entering into transaction. All

		related party transactions, regardless of value, must be reported to the ESFA
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Cheque/Standing Order/Direct Debit/BACS Signatories

Value	Delegated Authority	Additional Guidance
To be completed with details as per the trust bank mandate – each school should amend accordingly		Ensure bank mandate is complied with

Virement Approval

Value	Delegated Authority	Additional Guidance
Up to £10,000	Head Teacher	All virements must be recorded on a sequential numbered virement form and reported to the Full Governing body
Over £10,000	Local Governing Body	

Disposal of Surplus Stock, Stores & Assets

Value	Delegated Authority	Additional Guidance
Up to £500	Head Teacher	
£501 to £1,000	Local Governing Body	
£1,001 to £5,000	Trust Board	
Any value for freehold land and buildings or heritage assets	ESFA Approval/Notification	

Write off of Bad Debts

Value	Delegated Authority	Additional Guidance
Up to £100	Finance Officer	
£101 to £250	Head Teacher	
£251 to £1,000	Local Governing Body	
£1,001 to £45,000	Trust Board of Directors	
Over £45,000 or 1% of annual income, whichever is smaller	ESFA Approval	

Approval of Returns & Reconciliations

Return	Delegated Authority	Additional Guidance
VAT 126 Return or VAT return if registered	Chief Financial Officer	One VAT return must be prepared centrally for the whole trust
Bank Reconciliations	Head Teacher	To be prepared at least monthly
Funding Reconciliation	Finance Officer to prepare, Head Teacher to review	To be prepared at least monthly

Budget Forecast Return Outturn Budget Forecast Return 3Y	Chief Financial Officer to oversee, Chief Accounting Officer to approve	
Risk Register	Local Governing Body to prepare and review. Trust Board to monitor and review	
Register of Business Interests	Trust Board for Trust/Local Governing Body for schools	
Gifts and Hospitality Register	Trust Board for Trust/Local Governing Body for schools	
Business Continuity Plan	Trust Board for Trust/Local Governing Body for schools	
Schools Resource Management Self-Assessment Tool	Trust Board	

Other Monetary Limits

	Limit	Additional Guidance
Mileage Allowance	HM Revenue and Customs approved rate	
Petty Cash Imprest	£250	
Safe Cash/Cheque Limits	£5,000 Cash £250,000 cheques and other certificates, bonds, stamps as detailed in RPA rules £5,000 monetary not in a locked safe eg in transit or at an authorised employee's home	Put in details as per school insurance policy
Inventory Register	Items that are portable and attractive over £250	
Asset Register	Capitalisation limit £ 1,000	

The finance policies listed below should be read in conjunction with the trust's other financial management related policies and the government's Academy Trust Handbook;

- Accounting Policy
- Gifts and Hospitality Policy
- Reserves Policy
- Anti-Fraud and Irregularity Policy
- Risk Management Policy
- Investment Management Policy
- Whistle Blowing Policy
- Lettings Policy
- Trustees, Governors and Staff Expense Policy
- Bad Debt Policy
- Conflicts of Interest Policy

1.0 INTRODUCTION

- 1.1 The Rosary Trust Academy Trust Board of Directors (The Board) is the legal entity which is responsible for all the trusts academies. It is their duty to ensure that each academy operates efficiently, legally, judiciously and safely.
- 1.2 The purpose of these regulations is to ensure that the academy trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of The Trust's funding agreement with the Department for Education (DfE).
- 1.3 The academy trust must comply with the principles of financial control outlined in the Academy Trust Handbook published by the DfE. These regulations expand on that and provide detailed information on the trust's accounting procedures and systems and should be read by all staff and trustees involved with financial systems.
- 1.4 The general conditions that follow are subject to annual review and consideration by the Trust Board of Directors, whom must formally minute both the review and any subsequent amendments and approval each year.
- 1.5 The Trust Board of Directors confirms that failure to observe these conditions is considered a serious matter and might involve disciplinary procedures being taken against the individual concerned.

2.0 ORGANISATION

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

The Members

- 2.2 The members have a similar role to shareholders of a company. Their role is to be kept informed about trust business and should be 'eyes on and hands off'.
- 2.3 Members must not be employees of the trust or carry out any unpaid staff roles on a voluntary basis. There should be significant separation between individuals that are members and those who are trustees.

The Trust Board of Directors (The Board)

- 2.4 The Board have overall responsibility for the administration of the trust's finances and for maintaining the trust as a going concern. The main responsibilities of the Board are prescribed in the Funding Agreement between the trust and the DfE and in the academy's scheme of delegation. The responsibilities of the Board are as outlined in the scheme of delegation, terms of reference and also in the Academy Trust Handbook.

- 2.5 The trust board meets at least 6 times per year in accordance with the Academy Trust Handbook or
- 2.6 The trust board meets at least 3 times per year which is the minimum required by the ESFA.

The Finance, Audit and Risk Committee

- 2.7 The Finance, Audit and Risk Committee is a committee of the Board. The committee meets at least once per term, but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance, Audit and Risk Committee are detailed in the written terms of reference which have been authorised by the Board.

Accounting Officer

- 2.8 The academy trust has designated the Chief Executive Office as its Chief Accounting Officer. Whilst the Chief Accounting Officer has responsibility, under the Board's guidance, for the trust's overall management and staffing, their appointment as Chief Accounting Officer confers specific responsibilities for financial matters. In particular, the Chief Accounting Officer is personally responsible to Parliament, and to the Accounting Officer of the ESFA, for the resources under their control, and must be able to assure Parliament and the public of high standards of probity in the management of public funds.

- 2.9 The essence of the role is a personal responsibility for:

- regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and these regulations, and compliance with internal trust procedures. This includes spending public money for the purposes intended by Parliament;
- propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;
- value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but for taxpayers more generally.

The Chief Accounting Officer also has responsibilities for keeping proper financial records and accounts, and for the management of opportunities and risks.

- 2.10 Whilst the Chief Accounting Officer is accountable for the academy trust's financial affairs, the delivery of the trust's detailed accounting processes will be delegated to the Chief Financial Officer.
- 2.11 The Chief Accounting Officer must advise the Board in writing if, at any time, in her opinion, any action or policy under consideration by them is incompatible with the terms of the Academy Trust Handbook or Funding Agreement (FA). Similarly, the Chief Accounting Officer must advise the Board in writing if the Board appears to be failing to act where required to do

so by the terms and conditions of the Academy Trust Handbook or FA. Where the Board is minded to proceed, despite the advice of the Chief Accounting Officer, the Chief Accounting Officer must consider the reasons the Board gives for its decision. If, after considering the reasons given by the Board, the Chief Accounting Officer still considers that the action proposed by the Board is in breach of the Academy Trust Handbook or FA, the Chief Accounting Officer must advise the ESFA's Accounting Officer of the position in writing.

Chief Financial Officer

2.12 The Chief Financial Officer works in close collaboration with the Chief Accounting Officer through whom she is responsible. The Chief Financial Officer also has direct access to the Directors via the Finance, Audit and Risk Committee. The main responsibilities of the Chief Financial Officer are as outlined in the post holder job description.

Local Governing Body (LGB)

2.13 Each academy will have an LGB who will work in close collaboration with the Board and the academy trust's central staff. The LGB's responsibilities are as set out in the scheme of delegation and include the following:

- Review the annual budget before sending for approval to the Board
- Determining the academy's financial priorities through the School Development Plan (SDP) and the Asset Management Plan (AMP)
- Receiving monthly management reports, to facilitate the monitoring of the school's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary
- Making decisions on expenditure within the LGB delegated powers
- Making decisions on virements within agreed budgets, within the LGB delegated powers, and authorising any budgetary adjustments made.
- Ensuring the local Register of Business Interests is kept up to date and published on the school website
- Ensuring the gift and hospitality register is kept up to date
- Annually reviewing all on-going contracts
- Monitoring all spending and income received in the academy
- Ensuring that funding from the ESFA, Local Authority and other sources is used only in accordance with any conditions attached
- Receiving and commenting on the content of any audit report and monitoring the implementation of the agreed action plan
- Agreeing and determining appropriate charges for lettings of the premises, in line with the school's lettings policy
- Ensuring the school adheres to the policies and procedures as specified by the Board

- Ensuring the school has appropriate internal financial controls in place
- Reviewing and monitoring of budget projections / medium term financial plans to ensure the school's budget is realistic and any financial decisions are sustainable
- Declaring any connected party transactions or business interests
- Regularly updating and monitoring the local risk register and ensuring the implementation of any mitigating actions
- Ensuring the school has an up to date business continuity plan

2.14 The LGB confirms that the day-to-day financial management of the academy is delegated to the Head Teacher, subject to exceptions contained in these regulations. Throughout these conditions, delegation to the Head Teacher shall imply further delegation to the Deputy Head Teacher when the Head Teacher is not on the school site. Where the Head Teacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual(s) concerned, reported to the LGB in writing and incorporated into these conditions.

Finance Officer (this is the key finance person operating in each school within the MAT)

- 2.15 For the purposes of this document the term Finance Officer (FO) refers to the person responsible for the day to day management of each individual academy's financial operations. Each academy should employ a suitably experienced FO to support the Head Teacher and LGB to manage and protect resources appropriately or alternatively make use of the support services provided by the academy trust.
- 2.16 The FO will work with the Head Teacher and Senior Leadership Team to ensure the academy's financial processes and finance policies are followed. They will be responsible for the effective use of resources within their organisation and will notify the Head Teacher of any issues.

The Governance Professional (Clerk to the Board)

- 2.17 The academy trust will appoint a suitably qualified governance professional/clerk to the Board who is someone other than a trustee, head teacher or CAO of the trust.

General Requirement

- 2.18 All employees of the academy are expected to act professionally and with integrity and follow the internal control framework and financial policies of the academy. All staff with financial management responsibilities should have access to the information and training required to perform their financial duties.

Register of Interests

- 2.19 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy governors and staff with significant financial or spending powers are

required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships or shareholdings. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

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

All Governors and academy staff must be given the opportunity to verbally declare previously undeclared interests, and any previously declared interests that may be relevant to the agenda, at every committee and Governing Body meeting.

In accordance with the Academy Trust Handbook the business interests of the trust's directors will be published on the academy's website and will be kept up to date at all times.

Trading with Connected Parties

- 2.20 In accordance with the Academy Trust Handbook, the following will apply to goods or services provided by individuals or organisations connected to the academy trust:

The trust must pay no more than 'cost' for goods or services provided by a connected party as defined by the Academy Trust Handbook.

The academy must ensure that any agreement with a connected party is procured through an open and fair process and is supported by a statement of assurance from the individual or organisation to the trust confirming that their charges do not exceed the cost of goods or services.

The 'at cost' requirement applies to any transactions for goods or services exceeding £2,500 cumulatively in a financial year.

Related Party Transactions

- 2.21 Trustees must ensure they avoid conflicts of interest, do not accept benefits from third parties and declare interests in proposed transactions and arrangements. No member, trustee, local governor, employee or related individual or organisation may use their connections for personal gain and no payments can be made to trustees unless permitted by the articles or by authority from the Charity Commission.
- 2.22 Trustees must report all transaction to related parties to the ESFA in advance of the transaction taking place, using the ESFA's on-line form.
- 2.23 Trustees must obtain ESFA's approval for related party transactions that are;
- novel, contentious and or/repercussive
 - the contract exceeds £40,000

-a contract of any value that would take the total value of contracts with the related party beyond £40,000 in the same financial year

3.0 DAY-TO-DAY DELEGATION OF AUTHORITY

Expenditure Limits

- 3.1 The Head Teacher can authorise expenditure up to £10,000 on goods and services. Avoidance of obtaining higher authority by raising a sequence of smaller orders in place of one large order is not permitted.

The Head Teacher may also authorise higher levels of expenditure for utility charges provided the value authorised has been clearly documented and approved by the Board in the academy budget.

If the value to be authorised exceeds the Head Teacher's limit for goods and services, or the value set aside for utilities in the academy budget, then a higher level of approval is required, as specified below.

Authorisation for expenditure that is between the values of £10,001 and £15,000 must be referred to the LGB. The Chair of the LGB has authority to approve all such expenditure on behalf of the LGB.

Authorisation for expenditure above £15,000 must be referred to the Board.

Funding

- 3.2 The Finance, Audit and Risk Committee will ensure that information submitted to the DfE and ESFA that affects funding is accurate and complete.
- 3.3 The Board of trustees will challenge pupil number projections and review these termly.
- 3.4 The FO at each school is responsible for reconciling the trust's funding budget entered on the academy's financial accounting system with the monthly funding information provided by the ESFA and other government agencies. This reconciliation should be completed on a monthly basis and reviewed by the Head Teacher.

Bad Debts

- 3.5 The write-off of debts owed to the school, can be approved as follows;

Up to £100 – Finance Officer

£101 to £250 – Head Teacher

£251 to £1,000 – Local Governing Body

£1,001 to £45,000 – Trust Board

£45,000 or 1% of total annual income – ESFA approval required

A sequence of smaller write offs, all within the above limits, to cover a larger write off is not permitted.

Write offs exceeding £1,000 must be reported to the Board.

Disposal of Assets or Adjustments to Academy Inventory

- 3.6 The Head Teacher can authorise the disposal / adjustment of recorded school inventory items up to the value of £250. Authority for disposals / adjustments above this amount but below £1,000 must be approved by the LGB. Disposals/adjustments above £1,001 must be referred to the Board. Any disposals of freehold land or buildings or heritage assets must be approved by the ESFA.

All disposals / adjustments must be formally recorded in the minutes of the meeting at which they were reported and discussed.

Mileage Allowances and Subsistence Claims

- 3.7 The academy will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out by HM Revenue & Customs. The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers. A VAT registered fuel receipt must accompany every mileage claim, indicating that duty has been paid on sufficient fuel for the distance covered in order for the academy to be able to reclaim VAT.

- All expense claims are to be authorised by the Head Teacher
- The LGB or Trust Board must authorise all claims relating to the Head Teacher
- All expense claims are to be supported by VAT receipts (or other appropriate evidence of expenditure) which must be attached to the claim. Claims for subsistence can only be claimed to the maximum stated below
- Rates of subsistence will be paid at the rate and within the conditions that adhere to the Academy Trusts policy on travel and subsistence allowances

Breakfast	£5.00
Lunch	£7.50
Evening Meal	£15.00

- Claims for the purchase of alcohol will not be reimbursed
- The academy may not reclaim VAT without a proper VAT receipt

Receiving of Goods / Acknowledgement of Service

- 3.8 The person accepting the goods will be responsible for signing the delivery note to confirm the correct goods have been received. This will then be processed on the system by the FO who will record on the financial accounting system who has checked the goods.

Staff Appointments/Terminations

- 3.9 The Trust Board of Directors have approved a personnel establishment for the trust. Changes can only be made to the establishment with the express approval of the Board who will also ensure that adequate budgetary provision exists for any changes.

- 3.10 The approval required for the appointment of staff or changes to contract is as follows:

Head Teacher Appointment	The Trust Board
All other staff	Head Teacher subject to the agreed establishment and budget constraints and in accordance with the Trusts recruitment and appointment policy
Chief Financial Officer	The Trust Board

- 3.11 All relevant forms and paperwork with regard to the appointment of, or amendment to contracts of staff should be sourced from the Catholic Education Service. All personnel pre-employment checks should be completed, and relevant clearances obtained for all staff before they start their employment.
- 3.12 The Board has authority to approve individual staff severance payments and compensation payments as per section 5.8 of the Academy Trust Handbook, providing the non-statutory/non contractual element is under £50,000. Above £50,000 prior approval must be sought for the non-contractual element from the ESFA.

Payment of Additional Hours

- 3.13 With regard to staff overtime etc, the Head Teacher is authorised to incur expenditure up to the level agreed within the annual budget. Beyond this limit, authorisation can only be made by the LGB. No overtime should be undertaken without the prior approval of the Head Teacher.

Monitoring Salary Payments

- 3.14 It is the responsibility of the Finance Officer to ensure that systems are in place to record all staff contract details and that they are regularly updated to take account of new appointments, amendments and terminations of employment. This will ensure that all information on the academy's financial accounting system is correct and will avoid distortion of financial information.

Any payroll transactions relating to the Head Teacher will be authorised by the Trust Board.

Supply Staff

3.15

- a) All supply staff will be appointed by the Head Teacher or as otherwise directed by the Head Teacher. At the same time the appropriate commitment for the estimated costs incurred will be entered on to the academy finance system. It is the responsibility of the FO to ensure this is done.
- b) It is the responsibility of the individual member of staff to agree with their line manager the hours worked in the particular payment period. The line manager will then authorise the claim and forward it to the Finance Officer. If a dispute arises over hours claimed, the Head Teacher will be informed immediately.

Contract Approval

- 3.16 Any contractual commitment with a term of longer than 12 months, including lease agreements, will require the approval of the Board.

Schools can enter into both operating and finance leases without the ESFA approval as long as they are included on the list of leased assets granted consent by the Secretary of State for Education. Please click on link below for this list:

[Changes to leasing agreements for academy trusts - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/changes-to-leased-assets-granted-consent-by-the-secretary-of-state-for-education)

Insurance

- 3.17 Insurance cover for the academy will be arranged at Trust Board level. Insurance will cover will include:

Public Liability

Buildings and Contents

Terrorism

Business Interruption

Employer Liability

Hirers Liability

Governors Liability

Academy Journey

Personal Accident

Motor

Engineering

Cyber Security

If maternity or sick pay insurance is required, this will be arranged at local school level. Business continuity plans should be established in each school by the Head Teacher and FO and reviewed annually.

4.0 FINANCIAL PLANNING AND REVIEW

Budget Planning / Setting

- 4.1 The school's overall budget plans (both one year annual and multiyear forward financial plans) will be prepared by the Head Teacher and FO in consultation with the LGB. The budget will be prepared having regard to all known needs of the school including the School Improvement / Development Plan and the Asset Management Plan. It is the responsibility of the FO to ensure that all the required budgeting paperwork is signed by the LGB and submitted to the Board in accordance with the published timetable.
- 4.2 Detailed records will be kept of all information used in preparing the budget, including estimations of staffing requirements and calculations of all costs, cross referenced to the assumptions made.
- 4.3 The Chief Financial Officer and Finance Officers will be responsible for ensuring that the school has budget business plans in place for all trading activities e.g. catering, uniform sales, lettings etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required from the Delegated Fund to cover a budgeted deficit, then this must be formally approved by the LGB 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 School Development Plan.
- 4.4 The school budget will be reviewed by the LGB and submitted to the Board for final approval.
- 4.5 The approved budget should be promptly loaded onto the school's financial accounting system.
- 4.6 A copy of the signed budget plan is to be placed in the local minute file and a further copy retained by the Head Teacher.

Budget Monitoring

- 4.7 The FO will be responsible for monitoring actual income and expenditure against budget for each line item and producing and circulating appropriate reports to the LGB and Trust on a monthly basis. Urgent budget issues will be reported to the LGB immediately.
- 4.8 The FO will circulate monthly management accounts, including income and expenditure reports on an accruals basis, cash flow forecasts and balance sheets to the LGB and CFO, together with a written explanation of significant variances against budget, and with a projection of income and expenditure to the year-end.

- 4.9 The FO will prepare medium term financial forecasts, which will be consolidated by the CFO and presented to the Board as least twice a year.

Resource Management

- 4.10 The trust will ensure that it manages its resources effectively. To support with fulfilling this responsibility they will ensure that the following is carried out;
- Carrying out regular benchmarking with other trusts in a similar context
 - Annually completing the Schools Resource Management Self Assessment Checklist and preparing an action plan. The completed checklist must be submitted to the ESFA by their required deadline
 - Engaging with the DfE's approved frameworks when procuring goods and services
 - Ensuring each school's curriculum is integrated with the trusts financial planning strategy
 - Ensuring each school's staffing structure is reviewing regularly and is integrated with the trusts financial planning strategy
 - Ensuring the trust has an estate vision, strategy and asset management plan with appropriate provision in its budget to support this

Financial Returns

- 4.11 The CFO will be responsible for preparing all the financial returns required by the Education Skills Funding Agency. All returns will be completed in the required timescales.
- 4.12 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 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 at:

http://www.charitycommission.gov.uk/Charity_requirements_guidance/Accounting_and_reporting/Preparing_charity_accounts/

- 4.13 The Trust Board is responsible for approving the academy's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the Education Skills Funding Agency by the required deadlines. Details of the financial information required are as set out in the latest Accounts Direction for the year being reported.
- 4.14 In addition to submitting accounts to the Education Skills Funding Agency, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period.
- 4.15 The ESFA require the Academy to publish its Annual Accounts and Annual Report by 31st January. This will be done via the academy trust's website.
- 4.16 The trust's audited accounts must be provided to the members.

5.0 INTERNAL CONTROL

The objectives of Internal Control are to give the academy trust confidence that as far as is reasonably possible:

- a) the academy's accounting records are accurate and complete
 - b) the financial procedures in operation minimise the risks of misappropriation of funds and assets
 - c) the trust achieves best value
- 5.1 The Finance Officers are responsible for carrying out monthly bank statement reconciliations for all bank accounts within one week of receipt. All discrepancies are to be investigated immediately and reported to the Head Teacher and, if appropriate, the bank.
- 5.2 The Finance Officers are responsible for ensuring that VAT transactions are recorded accurately, and the VAT control accounts reconciled to support in the preparation of a central trust VAT return.
- 5.3 The trust board are responsible for ensuring that internal scrutiny audits take place to provide assurance that the internal controls are robust. The Board will commission an external provider to carry out audit internal scrutiny audits. The Board and the Local Governing Bodies will ensure that an action plan is drawn up to address any weaknesses identified and will review this on a regular basis. All internal audit reports will be reviewed by the Board.
- 5.4 The trust board or a delegated committee will approve the scope of the internal scrutiny work to be conducted per financial year. This will include financial and non-financial controls and a regular external review of governance.
- 5.5 The trust board must submit to the ESFA an annual summary of the internal scrutiny work that has been completed which includes areas reviewed, key findings, recommendations and conclusions by 31st December.
- 5.6 It is a legal requirement for the academy trust to prepare audited, consolidated accounts. The CAO and CFO will be required to ensure that up to date and accurate accounts are available

and that year end processes are followed. The CFO and CAO will need to be available to support the statutory auditors in conducting their work.

- 5.7 The trustees will prepare an annual report that evaluates the performance of the external auditors, in accordance with the Academy Trust Handbook and makes a recommendation for the reappointment, retendering or dismissal of the auditors. Members are responsible for the appointment or removal of external auditors. The re-tender of external auditing services will take place at least every 5 years.

Separation of duties

- 5.8 It is the responsibility of the Head Teacher to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:
- a) Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee
 - b) Authorisation – the authorisation of a transaction such as a purchase order and the payment
 - c) Payment – the raising of cheques / BACS and cheque / BACS signatories
 - d) Custody – the holding of goods and services
 - e) Recording – the completion of the accounting records
 - f) Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation

Accounting Arrangements

- 5.9 The financial transactions of the academy must be recorded in accordance with the academy trust's approved accounting policies and recorded on the accounting system. All transactions input into the accounting system must be authorised in accordance with the procedures specified in this manual.
- 5.10 Entry to the accounting system is password restricted.
- 5.11 Access to the component parts of the accounting system can be restricted and the CFO is responsible for determining access levels for all members of staff using the system.
- 5.12 The academy trust will have a standard chart of accounts which will be used by the individual schools. Requests to set up new ledger codes need to be made to the CFO. The FO can maintain their own cost centres to suit their own individual internal budget monitoring requirements.
- 5.13 The CFO is responsible for ensuring there is effective back up procedures for the accounting system.
- 5.14 The FO is responsible for ensuring the following reconciliations are carried out on a monthly basis and account balances reviewed.

- Debtor control accounts
- Creditor control accounts
- VAT control accounts
- Payroll control accounts
- Bank
- Sundry creditors/accruals
- Sundry debtors/prepayment
- Suspense accounts
- Intra-company accounts
- Fixed asset accounts
- Any other balance sheet accounts as appropriate

Any unusual or long standing reconciling items should be brought to the attention of the Chief Finance Officer.

6.0 ASSETS AND INVENTORY

6.1 The FO should ensure that all items which have a useful life and value lasting more than one year and which is above the de minimis level set in the trust's accounting policies (currently £1,000) are recorded on a fixed asset register and capitalised in the accounting system. The asset register should include the following information.

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding
- expected useful economic life
- depreciation
- current book value
- location
- supplier
- warranty information

Condition of the items should be reviewed annually, and adjustments made to the register if required.

Inventory

6.2 Each school in the trust will keep an inventory to:-

- Ensure proper physical control of academy equipment

- Provide a basis for insurance cover and claims if equipment is damaged or destroyed
- Provide an up-to-date record of the equipment available for teaching purposes
- Help the academy plan its equipment replacement programme

All portable items of equipment will be security marked with the name and postcode of the academy. If the academy chooses to use an invisible form of marking, then the item of equipment must carry a visible reference to the fact that the equipment has been security marked. Items not security marked are potentially not covered by insurance.

The following categories of inventory will be entered in the inventory register at the time of acquisition by the school:-

- All items valued at £250 or more at the time of acquisition or purchase, either individually or as a set
- Items below the value noted in (i) above but which are considered attractive and portable
- Items considered by the Head Teacher as being worthy of inclusion
- Items hired to or leased by the school, that match any of the above criteria
- will be included but identified accordingly

The inventory register will record the following information;

- Item description
- Serial number or asset reference number
- Date acquired
- Acquisition cost
- Asset location
- If item has been security marked
- Date of last physical check

The FO is responsible for maintaining the inventory register.

All inventory items recorded in the register will be checked annually by the Head Teacher or designated governor and certified as correct. Any adjustments arising from the physical check must be authorised as laid down in 3.5 above. Evidence of the annual check taking place will be by date and signature of the person responsible for the check on the inventory sheets used for the check. These sheets will be retained on file for at least 24 months to provide an audit trail for changes made to the register as a result of the check.

All authorised disposal of school inventory must be recorded, showing the method of disposal and the authority for such action (see Section 3.5).

A separate 'Off Site Register' shall be kept for all items loaned to members of staff and pupils. In the event of any items not being on site when the inventory is checked, reference shall be made to this on the documentation used for the inventory check.

7.0 BANKING ARRANGEMENTS

- 7.1 All decisions with regard to choice of banking service provider and subsequent banking arrangements will be made by the Board.
- 7.2 The LGB must ensure that the school bank accounts never become overdrawn. Any concerns regarding cash flow should be reported to the CFO.
- 7.3 The FO is responsible for carrying out monthly bank statement reconciliations for all bank accounts within two weeks of receipt. Any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken.
- 7.4 Governors will wish to maximise income as far as possible and, where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account. The LGB need to ensure compliance with the Trusts Investment Management Policy.
- 7.5 Direct Debit or Standing Order payment arrangements must be authorised by two of the following authorised signatories and retained on file for reference.

List in accordance with the bank mandate

A current bank mandate must be retained on file and the mandated signatories should be consistent with those detailed above.

- 7.6 A school may use BACS facilities to replace cheques. The principles and authorisation remain the same as for cheque payments.
- 7.7 BACS procedures and control are as follows:
- On initial set up the finance Officer will contact the supplier for written confirmation of their bank details, signed by 2 members of the company on their company headed paper
 - On receipt of their bank details (or subsequent changes thereto) the Finance Officer will telephone the company to verify their bank details and will write/sign on the letter that this has been completed
 - The bank details are then input into the Financial Accounting System and are double checked and signed off by the Head Teacher. This signed evidence of independent checking is to be retained for audit purposes
 - On a monthly basis an audit trail report will be generated to show any suppliers bank details that have changed- all changes on this report are to be checked off against bank details provided by the supplier and authorised by the Head Teacher. This signed evidence is to be retained for audit purposes.
 - All BACS payments generated on the accounting system, together with supporting invoices, will be signed individually by 2 approved signatures, in accordance with the bank mandate and the financial regulations, to confirm authorisation for payment.
 - The BACS bureau procedures will be completed, ensuring the separation of duties are maintained. Payment advices are to be sent to each supplier.

- 7.8 When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately.

8.0 CONTRACT MANAGEMENT, PURCHASING AND PAYMENT PROCEDURES

- 8.1 A contract register will be maintained that details the contracts, service level agreements and any indemnities that each school has in place. Trustees will have oversight of the register(s) and be given the opportunity to challenge each school's plans for replacing goods and services that are due to expire shortly.

- 8.2 The trust is able to enter into indemnities which are within the normal course of business. Any indemnities which are not within the normal course of business will require ESFA approval. The trust will risk assess any indemnity clauses within contracts prior to entering into the contracts and will record details of these in the contract register(s).

- 8.3 Budget holders will be responsible for requesting the purchase of items or services from their own budgets and in accordance with their delegated limits.

This will be done by the completion of an Internal Order Form which will be sent to the Finance Officer

- 8.4 On receipt of an order form a check will be carried out to determine that the appropriate budget has sufficient funds to meet the order. Where sufficient budgeted funds are identified the Finance Officer will raise an official sequentially numbered Purchase Order to send to the supplier/contractor. Reference will be made as appropriate to the procurement standards laid down by the academy trust.

- 8.5 Orders are to be authorised in accordance with the 'Authorisation Limits' set out in the front of these Regulations and section 3.1 of these Regulations.

- 8.6 If an order is placed verbally due to urgency an order form should be used to ensure that a commitment is promptly raised on the financial accounting system. It is not acceptable to wait until the invoice/ delivery note is received before entering a commitment onto the financial accounting system.

- 8.7 All invoices received will be checked against the original order for accuracy (and delivery notes where appropriate) and entered promptly on the academy's financial system.

- 8.8 The cheque signatories are any two from the following:-

input bank authorisation requirements as per mandate

- 8.9 The FO is designated to control cheques / BACS and must ensure that:

- a) A current bank mandate is kept on file and that the mandated signatories are consistent with those noted in 7.5 above

- b) Cheque / BACS run / remittance reports are kept on file and are signed by at least one cheque signatory confirming an unbroken sequence of cheque number.
 - c) Spoiled cheques are cancelled on the financial system, defaced and retained on file to confirm that all cheques have been accounted for
 - d) All blank cheques are securely stored and properly accounted for
 - e) Blank cheques are not pre-signed
 - f) Where continuous cheque stationery is used, the approved format is complied with, in accordance with trust guidance
 - g) All raised cheques / BACS are entered correctly on the financial accounting system
 - h) Minimum remaining cheque levels are established with the bank
- 8.10 The Head Teacher must ensure that all prime financial records are retained for six financial years plus the current year and are stored in a secure and logical manner.
- 8.11 Cheques / BACS payments will be issued in accordance with the trading terms of the individual contractor or supplier since due regard must be taken of the 'Late Payment of Commercial Debts Regulations 2002'.
- 8.12 If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise.
- 8.13 A copy of the computer-generated remittance advice relating to the cheque / BACS payment will be affixed to the original invoice.
- 8.14 Original invoices must be marked as paid to ensure duplicate payments are not made, together with details of the cheque number.
- 8.15 Copy invoices are not to be paid unless verified that payment has not previously been made. References back to the original order are to be made in every case. Once the checks have been made, the invoice should be signed to confirm this and endorsed "copy invoice not previously passed for payment".
- 8.16 Under no circumstances are payments to be paid against statements.
- 8.17 Where appropriate, adequate checks are to be made that the contractors employed for buildings work have Public Liability Insurance Cover, minimum value £5,000,000. It is the responsibility of the Headteacher/Principal to ensure that this is complied with.
- 8.18 **Route 1:** For all procurement activities, the trust will first check the DfE's approved frameworks and see if an appropriate framework is already in place. If there is not an appropriate framework in place, the following processes will be followed.
- Route 2:** For any order or purchase which is estimated to be **low value** (less than £5,000), for the supply of goods, materials or services, the budget holder must ensure value for money is obtained.
- Route 3:** Orders and purchases which are estimated to be **low to medium value** (between £5,001 and £50,000), will be subject to the receipt of at least 3 competitive quotations. Documentary evidence of the various quotations must be obtained and attached to the

purchase order and appropriately authorised. Where a quotation other than the lowest is accepted authorisation from the Local Governing Body is required.

Route 4: Orders and purchases which are estimated to be **high value** (above £50,000) and are below the Public Contracts Regulations (PCR) thresholds should be advertised and a compliant tender process run.

Route 5: Orders and purchases which are estimated to be **high value** (above £50,000) and are above the Public Contracts Regulations (PCR) thresholds should be advertised and a compliant tender process run using the government's Find a Tender (FTS).

Some services for education are covered by the 'light touch regime' which has a different threshold and process. Review the government's guidance ahead of procurement to see if this approach applies.

In accordance with agreed procurement standards, approval of contracts over £50,000 will only be made after following the appropriate tendering procedure. The Board will oversee all tendering processes on behalf of the trust.

Internet Purchases

- 8.19 At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation controls and independent management checking.
- 8.20 The Finance Officer will be authorised to place online purchases. The internet order must be raised in the name of the academy with the academy's address, not to an individual.
- 8.21 Requests should be made to the Finance Officer from the budget holder in the normal manner (section 8.4), an official order should be raised on the financial accounting system and authorised as specified (section 8.4). Where possible the official order number should be quoted on the internet order as a cross reference.
- 8.22 It is the responsibility of the FO to ensure the internet is the most appropriate means for procurement.
- 8.23 The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the school's normal payment route.
- 8.24 Payment by an individual's personal credit card should only be considered when the above options have been exhaustively attempted and failed. The correct authorisation procedure for purchases should still be adhered to (section 8.4), and the academy retains the right to refuse to reimburse the individual if the school's procedures are not followed.
- 8.25 Reimbursement to individuals should be made in the normal manner upon production of an original invoice / receipt.
- 8.26 Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system (section 8.4). This is especially important if the school is to recover any VAT element.

- 8.27 All purchases should only be made from secure websites that the AFL has gained reassurance are safe and free from fraudulent activity. The use of online auction websites is not recommended.

Purchase Cards

- 8.28 Purchase cards may be issued by the academy to key staff members to purchase items for the school instead of using petty cash.
- Cards are issued in the academy's name
 - Cards are held by the Head Teacher. The Head Teacher is authorised to use cards for online payments as detailed above
 - Cards are kept in the academy safes when not in use
 - Card purchases are subject to the academy's purchase/expenditure limits/procedures as detailed above
 - Personal use is not permitted
 - Prime documents will be retained for 6 years + current
 - Internet purchase limits are detailed above
 - Monthly statements are authorised by the Head Teacher. Any purchase card in the name of the Head Teacher will be signed by the Chair of Governors
 - Misuse of purchase card by individuals must be reported to the Head Teacher or Chair of Local Governors

Tendering Procedures

Introduction to Tendering

- 8.29 Approval of contracts over £50,000 will only be made following the academy's tendering procedure. The correct tendering process to follow depends on whether the purchase will fall below or above the PCR thresholds.
- 8.30 Legal advice should be sought when the procurement will be over or near to the PCR thresholds.
- 8.31 For more specialist or complex works and purchases, the academy may choose to appoint a professional third party to carry out the tender process on their behalf i.e. consultant, architect etc.). 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.

Forms of Tenders

8.32 The procedure for running a tender process is broadly in line when the value is below or just over the PCR threshold. The following procedure should be followed for both types of tender, however where there are differences in the two processes, these have been highlighted.

8.33 **Step 1: Research and assess the market (soft market testing)**

Undertake some initial research into the market and consider the following points:

- Is there a DfE approved framework that could be used?
- How many possible suppliers are there?
- How can the trust advertise the tender process?
- Speak to potential suppliers (ensure that any information provided to them at this stage is given to everyone else who bids later and that your specification does not unnecessarily favour the suppliers you have spoken to)
- Ask other schools what they have done
- Consider asking suppliers to submit an expression of interest
- Consider publishing a Prior Information Notice (PIN) in the government's Contracts Finder (<https://www.gov.uk/contracts-finder>)

8.34 **Step 2: Decide whether to run an open or restricted process (Route 5 only)**

A decision should be made about whether to run an open or restricted process:

- Open process – allow as many suppliers as possible to bid
- Restricted process (selection stage) – select which suppliers the trust will assess bids from (at least 5 must be selected)

The restricted process should be used if the trust believes a lot of suppliers will respond to the advert, suppliers require specific skills, qualifications or experience or if the bid would be particularly complicated or costly to write.

The government's standard selection questionnaire should be used. Potential suppliers should complete the questionnaire. The score from the questionnaire will determine who will be invited to tender for the contract.

8.35 **Step 3: Prepare the Tender Documentation**

The tender documentation that will be sent to suppliers should include:

- A covering letter
- A timeline
- How to ask questions
- How to submit a bid
- The tender specification
- A list of items that require pricing
- The award criteria

- The contract terms – including the level of service required and any contract management arrangements, such as regular meetings
- Any mandatory requirements for suppliers and, if needed, an invitation for suppliers to provide a demonstration
- The standard selection questionnaire (**Route 5 only**)
- The proposed contract drafted as far as possible
- A disclaimer that the trust has the right to abandon the process at any time without liability to the bidders

Timelines:

The following deadlines should be outlined within the tender documentation:

- The clarification period – when suppliers can ask you questions
- The deadline for suppliers to submit their bid
- The standstill period
- The date the contract will be awarded

There are specific timescales that need to be applied. For the latest guidance review the EU procurement directives and UK regulations and seek legal advice.

Award Criteria:

Award criteria are used to determine which bidder is best placed to deliver the contract.

The award criteria should be specific to the requirements of the tender specification and to aid assessment to determine which bid is the most economically advantageous (the one that combines price and quality).

Each criteria should be given a:

- Range of scores (e.g. 1-5 with 5 highest)
- Weighting (a figure you multiply the score by depending on how important the criteria is, e.g. if price is important then you might give it a higher weighting)

For example:

Supplier 1

Award Criteria	Score (1 low to 5 high)	Weighting (1 low to 5 high)	Overall Score
Price	4	5	20
Delivery time	5	2	10

Supplier 2

Award Criteria	Score (1 low to 5 high)	Weighting (1 low to 5 high)	Overall Score
Price	2	5	10
Delivery time	1	2	2

8.36 Step 4: Advertise the Tender Opportunity

Route 4: Advertise somewhere suppliers will look, such as:

- The government's Contracts Finder service (<https://www.gov.uk/contracts-finder>)
- Newspapers
- Education publications or websites
- Trade magazines

Route 5: A contract notice must first be published on the government's Find a Tender Service and can then be advertised elsewhere in line with the Route 4 suggestions.

The advert should:

- Clearly explain what the trust wants
- Tell suppliers what information the trust needs
- Explain how to get the tender documentation
- The timeline for the process
- Explain the trust is using award criteria to give the contract to the 'most economically advantageous tender'
- If using the restricted tender process, explain that there are two stages (selection stage where the questionnaire is completed and then the award stage when bids are assessed). (**Route 5 only**)

8.37 Step 5: The Clarification Stage

The tender process includes a clarification stage which is a time when suppliers can ask questions.

No matter who asks the question, in most cases the trust will then send the question and answer to all the bidders in an anonymised fashion to protect the identity of the supplier who asked the question.

Copyrighted or sensitive information should not be revealed.

Suppliers should be asked if they are happy to have their question and answer published. If they decline, consideration should be given to their request and allow them the opportunity to withdraw their question if you do not agree with their request.

Suppliers should be asked to email their questions in to the trust and a log of these and the answers provided should be maintained.

8.38 **Step 6: Deciding the Winning Bid**

The bids received should be assessed using the awards criteria previously agreed and advertised.

No bids should be opened before the deadline.

All bids must be treated fairly and equally.

Record how decisions were made so they can be defended if required.

Keep confidential, secure, auditable records.

Award the contract to the highest scoring bidder.

Who should assess the bid?

At least two people should assess each bid independently. The more people involved at this stage, the harder it can be to reach an agreed score. It may be appropriate to include a specialist in this process if expert knowledge is required to assess criteria.

A moderation process should then take place where they compare scores and discuss any differences to then reach an agreed score.

Records of all scores, comments and moderation decisions should be maintained.

8.39 **Step 7: Communicating the Tender Outcome**

Telling successful bidders

A letter should be sent to the successful bidder to advise them:

- That they have been successful
- The award criteria that was used
- Their scores
- Why their bid was the most economically advantageous
- When the standstill period ends

The letter is an invitation to finalise the contract. It should make it clear that there are no commitments and that no work should begin until both parties have signed the contract and that the contract will only be awarded if no challenge occurs during the standstill period.

If for any reason the successful bidder decides not to go ahead with the contract, it can be awarded to the second highest scoring bidder or the process can be re-run.

Telling unsuccessful bidders

A letter should be sent to each unsuccessful bidder at the same time to advise them of:

- The name of the winning bidder
- The award criteria that was used
- The scores for the winning bid
- The reasons for the decision including characteristics and relative advantages of the successful tender
- Their scores and feedback

If an unsuccessful bidder asks for the actual cost of the winning bid, this should be provided to them, provided that it will not give away any commercially sensitive information. There is no obligation to provide a detailed breakdown.

If an unsuccessful bidder asks for feedback on their proposal, there is no obligation to provide a detailed breakdown and only comment on their unsuccessful bid, do not share details of anyone else's bid (other than the successful bid, if this has been requested). Feedback meetings are to be avoided.

8.40 **Step 8: The Standstill Period**

Following notification of the successful bidder, the 'standstill period' comes into effect which allows any legal challenges from other parties to be made.

If an unsuccessful bidder challenges the fairness of the contract award decision or process, legal advice should be sought.

8.41 **Step 9: Awarding the Contract**

If there have been no legal challenges, the contract with the successful bidder should be finalised and signed.

Terms and conditions should be signed. The last copy of the terms and conditions sent by either side is the one that is legally binding so the trust should be the last party to sign them.

A contract award notice must be placed on the government's Find a Tender Service within 30 days of awarding the contract. [\(Route 5 only\)](#)

If an advert was placed in the government's Contracts Finder, a notice should be placed there too.

There should be no changes made from what was included in the original invitation to tender.

8.42 **Abandoning the Process**

On rare occasions, the tender process may need to be stopped.

A notice must be placed on the government's Find a Tender Service. [\(Route 5 only\)](#)

If the process is stopped whilst suppliers are preparing or submitting their bids, they should be provided with an explanation including why this decision has been taken.

The later in the process a decision to abandon takes place, the greater the risk of receiving a legal challenge where bidders may seek reimbursement of their bid costs.

The process cannot be abandoned because the highest scoring bidder is not the supplier the trust wants.

9.0 PETTY CASH

9.1 Minor items of expenditure can be paid for or reimbursed to staff through the school's own petty cash system. The amount to be held (imprest) for petty cash disbursements should be agreed by the LGB but must not exceed £250.

9.2 Expenditure paid through petty cash should not exceed £25 on any one item, and not exceed £40 in any one week to one individual. Requests for amounts above this limit can only be authorised by the Head Teacher.

9.3 All purchases made through petty cash, regardless of size, should be pre-authorised by the Head Teacher. Purchases made by the Head Teacher must be pre-authorised by the Chair of Governors/Chair of Trust Board.

9.4 All payments made must be supported by a VAT receipt for the goods purchased, along with an appropriate voucher signed by the member of staff receiving the cash.

In order for the VAT to be recovered the VAT receipt needs to be scanned and attached to the journal entry to support in the completion of the central VAT return. In the absence of a scanned VAT receipt the expenditure needs to be coded as out of scope for VAT purposes.

9.5 All petty cash will be kept in a locked box in the safe and the Finance Officer will be responsible for its security.

9.6 The amount of petty cash held in the academy must be kept to a minimum and should never exceed £250 at any one time. The maximum amount of cash held in the school at any time must never exceed the insured limit for the safe as set by the school's insurance cover.

9.7 The Finance Officer will be responsible for the prompt entry of transactions onto the accounting system. The Finance Officer will be responsible for the monthly reconciliation of the petty cash. Expenditure plus cash in hand should equal the imprest. Documented reconciliations will be signed by the Head Teacher.

10.0 PAYROLL AND PERSONNEL PROCEDURES

10.1 All staff appointments, amendments to an employee's terms of employment and terminations of employment are to be made in accordance with the arrangements laid down in 3.9.

- 10.2 Neither the Head Teacher nor the Deputy Head Teacher can authorise amendments concerning their own pay and contract conditions. Changes to the Head Teacher's pay and contract conditions must be authorised the Board.
- 10.3 The Board of trustees must ensure its decisions around executive pay follow a robust evidence-based process and are reflective of an individual's role and responsibilities. As per the Academy Trust Handbook the following process should be followed;
- The procedure for determining executive pay is agreed by the Board in advance and documented
 - Decisions around executive pay reflect independence and objective scrutiny and conflicts of interest are avoided
 - Factors in determining the level of pay are clear
 - Benchmarking has been carried out to ensure the level of pay reflects value for money and is relative to the public sector market
 - The process and rationale are all clearly documented.
- 10.4 The trust will publish on its website, in a separate readily accessible form, the number of employees whose benefits exceeded £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August.
- 10.5 The FO has responsibility for checking and reconciling actual monthly payroll payments and deductions to those expected and committed.
- 10.6 Payments made each month to the Payroll Service Provider and payments made to outside staff agencies are to be debited against the relevant budgets and credited to the payroll control accounts. After the appropriate BACS transfers and the corresponding entries in the payroll control accounts and the academy bank accounts have been made, any balance remaining in the payroll control accounts must be reconciled, and appropriate explanations documented. It is the responsibility of the FO to ensure that this is done.
- 10.7 Each month the FO will reconcile back to the bank statement all payments for salaries, BACS, and other salary related payments.
- 10.8 Each month the FO will check a sample of the personnel records maintained by the academy to the payments actually made by the Payroll Service Provider. It is expected that over the course of a year, every member of staff would have had his/her salary payment checked against personnel records at least once. It is the responsibility of the CFO to ensure this is done.
- 10.9 Copies of all individual notifications to the Payroll Service Provider will be filed by the Finance Officer in the personal file of the staff member concerned and kept secure.

11.0 INCOME

General

- 11.1 It is the responsibility of the Finance Officers to ensure that all income due to the academy has been received, banked and that all income due to the academy is collected and reconciled to its financial accounting system.
- 11.2 All income received should be recorded immediately on the academy's daily record books and entered onto the academy's financial accounting system. The collection record should contain the amount received, the name of the person / organisation making the payment, the date the payment is received, and the method, i.e. cash or cheque.
- 11.3 All income received by the academy should be banked at a minimum weekly and in full. The insurance policy cover for cash and cheques held on site must not be exceeded. However, if a high level of income is expected e.g. proceeds from a fete, the insurer must be informed to obtain additional short term cover, and the income must then be banked as soon as is practicable.
- 11.4 Personal cheques should not be cashed.
- 11.5 When income is banked the collection record must be totalled in value in order to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying in slip number should then be entered onto the income collection record to assist in providing a clear and simple audit trail.
- 11.6 When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately, either on the bank paying in slip, or the Cash Analysis Sheet.
- 11.7 Income received by the academy will be acknowledged to the payer by either i) issue of a receipt when the value of the payment exceeds £50 or, ii) by the collector signing an official collection record i.e. Residential Trip Payment Card. No category of income should be excluded from the issue of a receipt e.g. academy meals. Copies of receipts issued should be retained for future reference, e.g. to resolve a dispute over payment.

Custody

- 11.8 Where required, official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the safe prior to banking.
- 11.9 Monies collected must be banked in their entirety (intact) in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system and related system generated reports. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Head Teacher.

Automated On- Line Payments

11.10 When setting up a contract with a new supplier for provision of an on-line payment system, consideration should be given to the following areas:

- i) Basis of fees payable to the company
- ii) Complete audit trail and facility of income reconciliation of totals received
- iii)) Reminder facilities to chase up overdue amounts

Any contract for the services of an online parental payment system Service Provider will be reviewed regularly to ensure that the academy is getting value for money and that the provider is giving an adequate service. A copy of the contract should be held in academy.

12.0 RISK MANAGEMENT

- 12.1 The trust board has overall responsibility for risk management and must not delegate overall responsibility to a committee. The trust board must maintain a risk register. The Local Governing Body will support the trust's risk management strategy by ensuring that they prepare a local risk register which is regularly maintained and submitted for monitoring to the Board. It should identify significant risks and the member of staff responsible for managing it. A copy of the register should be presented to the LGB at every meeting. Termly a copy should be forwarded to the Board.
- 12.2 Where risks arise that threaten the reputation of the academy trust or the financial viability of the academy, they should be notified to the Board immediately.