

2018 -2019

Potential in Everyone Academy Trust
CEO – David Whitehead



FINANCIAL REGULATIONS POLICY

September 2018

Committee	Finance and Staffing
Approved on	
New Review date	

Associated Documentation	
Trust Funding Agreement	28/07/2017
Academies Financial Handbook	2018 (June 2018)
Academies Accounts Direction	2017-18 (June 2018)
Capital Revenue and Reserves Policy	2017-18
Donations Policy and Procedures	2017-18
Accounting Policy	2017-18
Investment Policy	2017-18
Competitive Tendering Policy	2017-18
Lettings Policy	2017-18

Contents

1. INTRODUCTION	4
2. ORGANISATION	4
Members	5
The Board of Directors	5
Finance and Staffing Committee	6
Accounting Officer	6
Chief Executive Officer	7
Trust Business Manager	7
Trust Finance Manager	8
Office Managers	9
Headteachers	9
Local Governing Bodies (LGB)	9
General Requirement	9
Register of Business Interests	10
3. INTERNAL CONTROL	10
4. DELEGATION OF AUTHORITY	11
5. SEGREGATION OF DUTIES	11
Internal Audit	13
6. FINANCIAL PLANNING AND REVIEW	13
Annual Budget	13
Budget Monitoring	15
Other Government Funding	15
Other Grants and specific funding	16
Review of Regularity	16
7. ANNUAL ACCOUNTS	16
Value for Money Statement	16
Audit Arrangements	16
Work undertaken during accounting period	17
Work undertaken for year end	17
Accounts Return	17
8. DOCUMENT RETENTION	17
9. ACCOUNTING SYSTEM	17
10. EXPENDITURE LIMITS	19
Contracts	19
11. PURCHASING	19
Goods received	20
Invoices	21
Other Purchases	23
Internet Purchases	23
Internal procurement controls	24
Staff Wellbeing	24
Business Charge Cards	24
Reimbursements to individuals	25
Petty Cash	25
Tenders	25
12. CASH MANAGEMENT	27
Cash Flow Forecasts	27
Investments	28
Reserves	28
Bank Accounts	28
Deposits	28
Payments and withdrawals	29
Bank Reconciliations	29
13. PAYROLL	29

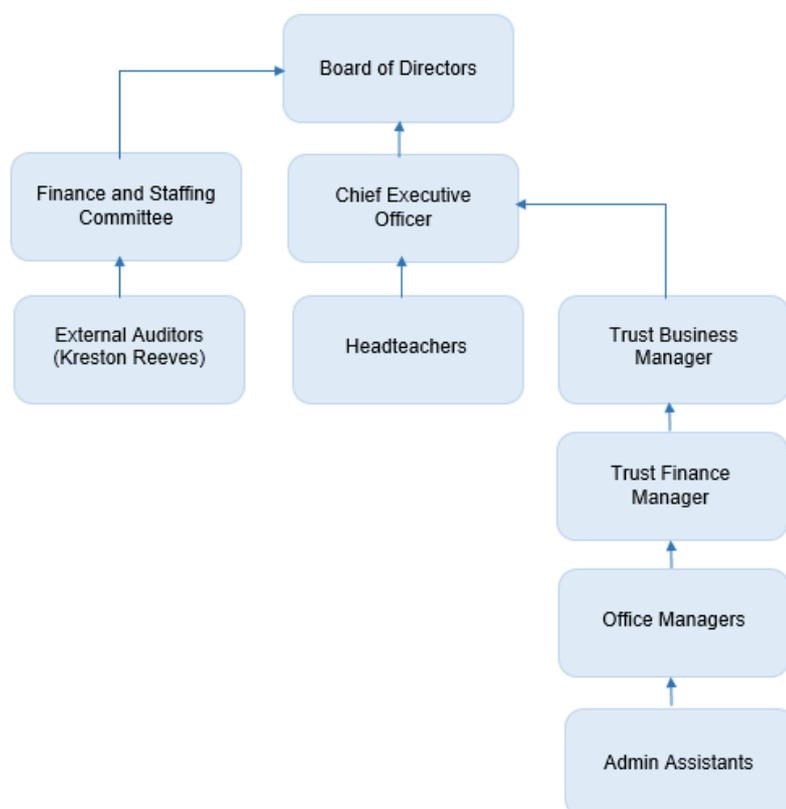
Staff Appointments	29
Payroll Administration	30
Payments and Monitoring	31
Mileage Allowance and Subsistence Claims	31
Payment of Additional Hours	32
Supply Staff	33
14. PERSONAL GAIN	33
15. INCOME	33
Delegated Fund Income	33
Income Collected by the Trust	33
Invoiced Income	34
Cash on site	34
School Trips	35
Lettings	35
Sundry Income	36
Gift Aid	36
Voluntary Funds	36
16. DEBT MANAGEMENT	36
17. GIFTS FROM THIRD PARTIES	37
18. VAT	37
VAT 126 Claims	37
VAT Registration	37
19. ASSETS AND INVENTORY	37
Asset Register	37
Security of Assets	38
Loan of Assets	39
Disposal of Assets	39
Depreciation of Assets	39
Accruals and Prepayments	40
Inventory	40
20. INSURANCE	41
21. ENERGY MANAGEMENT	41
22. DIRECTORS' ALLOWANCES	42
23. RISK MANAGEMENT	42
24. SELF ASSESSMENT OF MANAGEMENT AND GOVERNANCE	42
25. INVESTIGATION OF FRAUD AND IRREGULARITY	42
26. EXTERNAL AUDITORS	43
27. CENTRAL STAFF	43
28. CENTRAL SERVICES	43
Services to be provided	43
Fees for Central Services	44
APPENDIX 1: BANK ACCOUNTS	45
APPENDIX 2: SCHEME OF FINANCIAL DELEGATION	46
APPENDIX 3: MONTHLY/AD HOC TASKS	51

1. INTRODUCTION

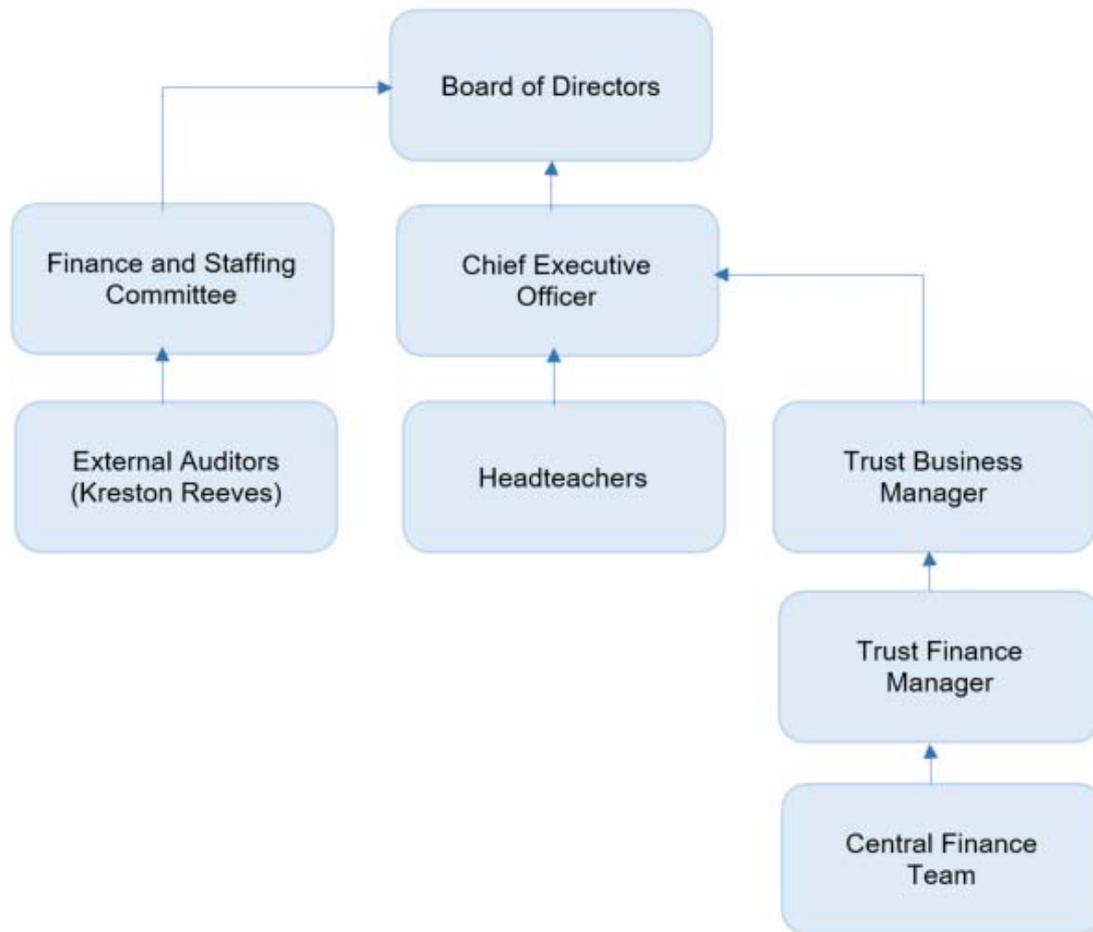
- 1.1. Potential in Everyone Academy Trust's Board of Directors is the legal entity which is responsible for all Trust schools. It is their duty to ensure that each school operates efficiently, legally, judiciously and safely.
- 1.2. The purpose of the Finance Policy is to ensure that the Trust maintains 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 our funding agreement with the Secretary of State for Education, through the Education Skills Funding Agency (ESFA).
- 1.3. The Trust and each individual school must comply with the principles of financial control outlined in the current Academies Financial Handbook published by the Department for Education (DfE). This policy provides detailed information on the Trust's accounting procedures and systems and must be read by all Directors and all staff involved with the financial systems.
- 1.4. This policy serves as an adjunct to the Trust's Scheme of Delegation, providing information on the day-to-day operation and practicalities.

2. ORGANISATION

- 2.1. The Trust has defined the responsibilities of each person involved in the administration of Trust and individual school's finances to avoid the duplication or omission of functions and to provide a framework of accountability for Directors and staff. The initial financial reporting structure from 01/09/2018 is illustrated below:



In line with the Trust's Business Plan, over time the financial reporting structure will become:



Members

- 2.2.** The Trust's Members have fully delegated the strategic management of the Trust and all monitoring functions to the Board of Directors. Members appoint the Trust's auditors and receive the Trust's annual audited accounts.

The Board of Directors

- 2.3.** The Board of Directors have wide responsibilities under statute, regulations and the funding agreements for the administration of the Trust's finances. They are responsible for ensuring the Trust's funds are only used in accordance with the law, the Trust's Articles of Association, the Master and Supplementary Funding Agreements between the Trust and the DfE, the Academies Financial Handbook and the Trust's Scheme of Delegation. The principal financial responsibilities include:
- Ensure grants from DfE and other restricted funding is used only for its intended purpose
 - Approve a balanced budget for the financial year to 31 August
 - Prepare an annual report and accounts including the annual trustee's report and director's report, which incorporates approved accounting policies and have them audited by a statutory auditor
 - Approve and submit audited accounts to ESFA by 31 December each year
 - Provide assurance of and compliance with the trust's financial systems and operational controls and manage risks through an appropriate committee
 - Review internal audit reports on the effectiveness of the financial procedures and controls

Finance and Staffing Committee

- 2.4.** The Finance and Staffing Committee has responsibilities delegated by the Board of Directors and detailed in its Terms of Reference. The committee meets at least three times per year, but more frequent meetings can be arranged, if necessary. The Committee's main responsibilities are to:
- Advise the Board on matters relating to the Trust's finance, pay and audit arrangements
 - Ensure robust systems of internal control, the financial elements of risk management (including Health and Safety, buildings and insurance) and assurance processes
 - Advise and aid the Board's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity
 - Allocate each schools budget share based on recommendations from CEO and TFM
 - Scrutinise proposed Trust personnel structures
 - Award of contracts to suppliers over £30000
 - Hold CEO to account for progress towards achieving relevant key performance indicators in the Trust's Business Plan
 - To recommend levels of financial delegation to the Trust Senior Leaders laid out in Appendix 2.

Accounting Officer

- 2.5.** The Trust has designated the Chief Executive Officer (CEO) as its Accounting Officer (AO). The CEO is accountable to the Board of Directors. The CEO is responsible for the Trust's executive leadership and management including the day to day operation and the performance of the Trust's schools.
- 2.6.** The AO has a range of legal responsibilities which include personal responsibility for the Trust's financial resources. The AO must be able to assure both the Board of Directors and the Secretary of State for Education of high standards of probity in the Trust's management of public funds, particularly:
- regularity and propriety
 - prudent and economical administration
 - avoidance of waste and extravagance
 - efficient and effective use of available resources
- 2.7.** The main financial responsibilities of the AO (from CEO JD) are:
- Ensure the Trust works to the standards set out in the current AFH.
 - Personal responsibility to Parliament, and to ESFA's accounting officer, for the financial resources under the Trust's control. Able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:
 - value for money
 - regularity
 - propriety
 - ensuring feasibility of plans and decisions
 - Annual financial reporting
 - Personal responsibility for assuring the Board of Directors that there is compliance with the current Academies Financial Handbook and the Funding Agreements at all levels of financial operation
 - Review and approve annual budgets of each of the schools in the Trust. To ensure that all budgetary targets are met by individual schools and efficiencies are maximised

- Through the most appropriate agreed roles within the Trust structure, to negotiate and agree optimum prices with various service providers to achieve economies of scale, and to adopt the appropriate procurement process
 - Develop and implement strategies for the generation of additional revenue and resources for the Trust.
- 2.8.** The AO must advise the Board of Directors in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the current Academies Financial Handbook or Funding Agreements. Similarly, the AO must advise the Board of Directors in writing if they appear to be failing to act where required to do so by the terms and conditions of the current AFH or Funding Agreements. Where the Board of Directors intends to proceed, contrary to the advice of the AO, the AO must consider the reasons the Board of Directors gives for its decision. If, after considering the reasons given by the Board of Directors, the AO still considers that the action proposed by the Board of Directors is in breach of the current AFH or Funding Agreements, the AO must advise the ESFA's Accounting Officer (on behalf of the Secretary of State for Education) of the position in writing.
- 2.9.** Whilst the Accounting Officer is accountable for the Trust's financial affairs, the AO may delegate to the Trust Business Manager (TBM) to assist with his or her duties.

Chief Executive Officer

- 2.10.** In addition to his or her responsibilities as Accounting Officer, the CEO has overall strategic responsibility for leadership and day to day organisation, staffing and management of the Trust
- 2.11.** The CEO has responsibility for approving all new staff appointments
- 2.12.** The main financial responsibilities of the CEO in addition to those of the AO are:
- Ensure the long term financial sustainability, by confirming that proper financial systems are established and effectively monitored, that appropriate action is recommended to address problems identified and to ensure that the Directors are presented with accurate and timely financial reports
 - Review and approve annual budgets of each of the schools in the Trust. To ensure that all budgetary targets are met by individual schools and efficiencies are maximised
 - Through the most appropriate agreed roles within the Trust structure, to negotiate and agree optimum prices with various service providers to achieve economies of scale, and to adopt the appropriate procurement process
 - Develop and implement strategies for the generation of additional revenue and resources for the Trust.
 - Authorising orders and the award of contracts, signing cheques, on-line banking and authorising internet transfers in conjunction with other authorised signatories up to £30000
 - Authorise salary transfers between accounts of up to £320400 per month in conjunction with other authorised signatories

Trust Business Manager

- 2.13.** The TBM assumes the role of Chief Financial Officer (CFO)
- 2.14.** The TBM is line managed by and works in close collaboration with the CEO. The TBM has access to the Board of Directors via the Finance and Staffing Committee.
- 2.15.** The TBM is responsible for setting and monitoring the Trust budget. Where there are concerns, these are first raised with the CEO and then if necessary with the Finance

and Staffing Committee.

- 2.16.** The TBM ensures that the annual accounts are properly presented and adequately supported by the Trust's accounting system.
- 2.17.** The main financial responsibilities of the TBM are:
- Assure the CEO and Finance and Staffing committee that all financial resources under the Trust's control satisfy high standards of probity in the management of public funds
 - Develop and maintain the Trust's Financial Regulations policy which sets out its financial procedures combining best practice, value for money, and regularity.
 - Oversee the day to day work of the TFM to ensure the successful management and control of the Trust's financial and accountancy systems
 - Management of Trust's financial position at strategic and operational level
 - Maintenance of effective systems of internal control
 - Manage all aspects of the external and internal audit requirements
 - Oversee the function of the TFM in ensuring preparation and review of monthly management accounts.
 - Ensure the Trust has sufficient funds to cover day to day operation
 - Ensure accurate and timely financial reports are presented to the Finance and Staffing Committee, according to the agreed timetable
 - Ensure timely returns are submitted to statutory bodies including ESFA, Charities Commission, HM Revenue and Customs
 - Authorising orders and the award of contracts, signing cheques, on-line banking and authorising internet transfers in conjunction with other authorised signatories up to £30000
 - Authorise salary transfers between accounts of up to £320400 per month in conjunction with other authorised signatories

Trust Finance Manager

- 2.18.** The TFM supports the role of TBM through the operational day to day running and management of the Trust's finances including operation of the accounting systems.
- 2.19.** The main responsibilities of the TFM are:
- Manage and control the Trust's accounting and budget planning systems to ensure they are fully operational and compliant with the current AFH and the current Trust Financial Regulations Policy.
 - Prepare a detailed budget for the Trust and its constituent schools.
 - Effectively monitor income and expenditure in relation to the Trust's agreed budget-
 - Prepare cash flow forecasts to ensure the Trust has sufficient funds to cover day to day operation
 - Prepare accurate and timely consolidated management accounting reports for the Finance and Staffing Committee according to an agreed schedule; attend Trust Finance and Staffing Committee meetings to report on budget planning and monitoring
 - Production of the monthly VAT 126 report. Reconciling VAT control accounts monthly
 - Maintain and oversee all bank accounts and corporate cards
 - Ensure up to date and accurate accounts are available and year processes followed to meet audit requirements for the Trust's external auditors.
 - Authorising orders and the award of contracts, signing cheques, on-line banking and authorising internet transfers in conjunction with other authorised signatories up to £30000
 - Authorise salary transfers between accounts of up to £320400 per month in conjunction with other authorised signatories

Office Managers

- 2.20.** Office Managers (OMs) work in close collaboration with the TFM and TBM. Their main financial responsibilities include:
- Day to day management of the school's financial systems in accordance with Trust's financial regulations
 - Accounts payable
 - Accounts receivable
 - Administration of petty cash
 - Administration of voluntary funds
 - Preparation of the banking
 - Maintenance of school asset registers for insurance and audit purposes

Headteachers

- 2.21.** Headteachers are responsible for the day to day operational management of their individual school. Their main financial responsibilities are:
- With the support of TFM, implement a detailed budget for the year using the Trust's budget planning format
 - With the support of TFM, effectively monitor school budget monthly documenting clearly the activity undertaken reporting any anomalies or concerns to the CEO and TBM
 - Authorise in year variances below the sum of £5000 provided that their school's overall budget share remains unchanged.
 - Refer in year variances to an individual school budget above the sum of £5000 to the CEO and TBM
 - Notify TFM immediately on any material of financial change which may impact the budget monitoring process in time for the monthly cut off dates.
 - Full compliance with the principles of the Trust finance policy as part of their performance management objectives.
 - Authorising orders and the award of contracts, signing cheques, on-line banking and authorising internet transfers in conjunction with other authorised signatories up to £5,000
 - Maintain the school asset register for insurance purposes.
 - Ensure a voluntary fund operated by the school is audited annually and reported to the Finance and Staffing Committee and TBM

Local Governing Bodies (LGB)

- 2.22.** Local Governing Bodies (LGB's) bring a local perspective to the way in which the schools are managed. Their full responsibilities are described in the Trust's Scheme of Delegation
- 2.23.** The main financial responsibilities of the LGBs is to:
- Monitor their school's local budget for value for money and monitor the school's financial priorities from the school development plan.
 - Ensure that the school is working within the guidance of the Trust's Financial Regulations Policy and the current Academies Financial Handbook
 - Undertake appropriate procurement internal control checks

General Requirement

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

Register of Business Interests

- 2.25.** At all levels of governance and staff with significant financial or spending powers, individuals are required to declare any financial interests they have in companies or individuals from which the Trust may purchase goods or services. The register is open to public inspection. Financial interests include:
- business interests such as directorships or shareholdings
- 2.26.** business interests of relatives such as a parent, spouse or business partner where influence could be exerted over an individual by that person
- 2.27.** At all levels of the Trust, individuals must be given the opportunity to verbally declare previously undeclared interests that may be relevant to the agenda at the start of every meeting. Where an interest has been declared, it will be the decision of those present to decide whether the individual should withdraw from the meeting or simply not take part in any discussion or decision making vote which may be called.
- 2.28.** For each interest, the name of the business, the nature of the interest and the date the interest began should be recorded clearly in the minutes of the meeting

3. INTERNAL CONTROL

- 3.1** In accordance with the Academies Financial Handbook, the Trust must establish a control framework that recognises public expectations about governance, standards and openness
- co-ordinating the planning and budgeting processes
 - applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
 - preparation of monthly budget monitoring reports
 - ensuring that delegated financial authorities are respected
 - effective planning and oversight of any capital projects
 - the management and oversight of assets
 - the propriety and regularity of financial transactions
 - reducing the risk of fraud and theft
 - ensuring efficiency and value for money in the organisation's activities. The Department has produced information, tools and training to help trusts improve their financial health and efficiency
 - a process for independent checking of financial controls, systems, transactions and risks
- 3.2** The objectives of internal control are to give the Trust confidence that as far as is reasonably possible:
- the Trust's accounting records are accurate and complete
 - the financial procedures in operation minimise the risks of misappropriation of funds and assets
 - the Trust achieves best value
- 3.3** The TFM and/or TBM and LGB financial representative will check a sample of all types of procurement transactions on a termly basis for adherence to the Trust's Financial Regulations programme of internal control.
- 3.4** The TFM is responsible for carrying out monthly bank statement reconciliations for all bank accounts except Voluntary Funds on a timely basis. All discrepancies are to be investigated immediately and reported to the TBM

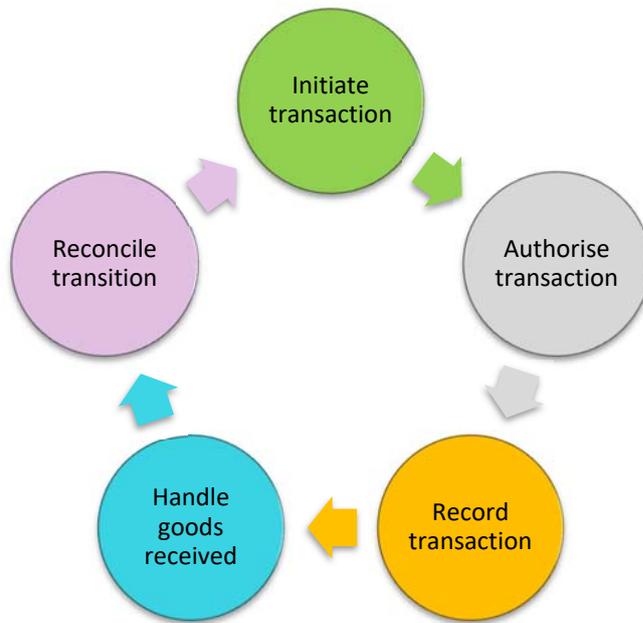
- 3.5** The TBM and TFM are responsible for ensuring that VAT transactions are recorded accurately, and the VAT control accounts reconciled monthly.
- 3.6** The CEO is responsible for ensuring that an external audit takes place annually, to include a minimum of 5 monitoring visits, to provide assurance that financial controls are robust. The TBM will ensure that an action plan is drawn up to address any weaknesses identified and that this is reviewed on a regular basis. Any weaknesses in controls that are deemed to be significant should be reported to the Board of Directors.

4. DELEGATION OF AUTHORITY

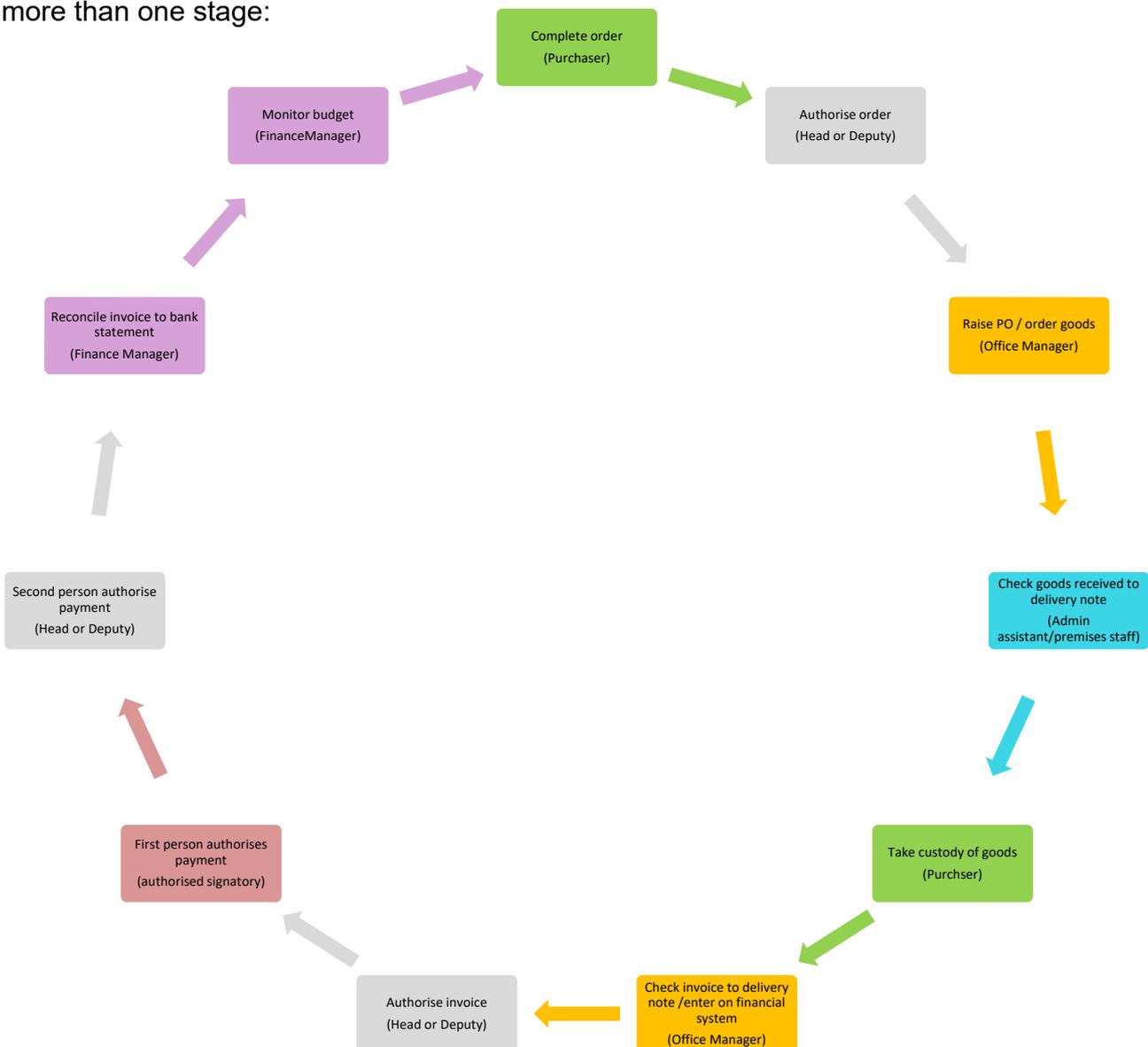
- 4.1** The Trust must achieve the best value for money from all purchases. This means it procures goods & services of the correct quality, quantity and time at the best price possible through its internal control framework.

5. SEGREGATION OF DUTIES

- 5.1** Segregation (or separation) of duties is a fundamental external audit requirement. Appropriate internal control ensures errors or irregularities are prevented or detected on a timely basis during the normal course of business. It means no single individual has control over two or more phases of a transaction or operation which would, if combined, enable one individual to record a complete transaction. Segregation of duties provides two roles:
- A deliberate fraud is more difficult because it requires collusion of two or more persons
 - It is much more likely innocent errors will be found
- 5.2** For the process of purchasing, goods received, invoicing and reconciliation there must be appropriate internal control involving a minimum number of people at all levels of the Trust
- Execution – the placing of an order and receipt of goods and services
 - Authorisation – the authorisation of a transaction such as a purchase order and the payment.
 - Payment – the raising of cheques/BACS in accordance with the bank mandate. When paying by BACs the person who presents the invoice for payment cannot authorise payment
 - Custody – the holding of goods
 - Recording – the completion of the accounting records.
 - Post transaction management checking – reviewing previous transactions to identify errors or intentional manipulation
- 5.3** It is the responsibility of the following to ensure that there is a clear separation of key financial duties as indicated below:
- Headteacher – school staff
 - TBM – central staff



Functions to be separated in relation to purchasing are laid out below with key personnel set out below. Each colour represents a different individual as no one person can be involved at more than one stage:



- 5.4** Functions to be separated in relation to cash handling include:
- Opening mail and/or counting cash
 - Recording cash in finance system and completing bank deposit
 - Paying cash into bank
 - Reconciling deposit to bank statement
- 5.5** Functions to be separated in relation to petty cash include:
- Dispersing petty cash
 - Reconciling petty cash

Internal Audit

- 5.6** The Trust must manage the programme of financial control appropriately
- 5.7** The Board of Directors via the Finance and Staffing Committee will appoint a suitable external contractor to provide an internal audit service to the Trust at least three times per year

6. FINANCIAL PLANNING AND REVIEW

Annual Budget

- 6.1** 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
- 6.2** The Trust will prepare both annual and 3-year financial plans. The 3-year budget projection is prepared as part of the development planning process. The annual School Development Plans for individual schools and the Trust Business Plan indicate how the Trust's educational and other priorities are going to be achieved, within the expected level of financial resource over the medium term and provides the framework for the annual budget.
- 6.3** The annual budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources during the year
- 6.4** The plan will include detailed objectives for the coming year and, (where possible) the estimated resource, both capital and revenue, associated with each objective and success criteria against which achievement can be measured
- 6.5** The TBM, in liaison with the CEO, is responsible for preparing and obtaining approval for the annual budget.
- 6.6** The Trust's overall budget plans will be prepared by the TBM and TFM, in consultation with the CEO. The budget will be prepared about the Trust's Business Plan and the known financial priorities of each school as detailed in their School Development Plans.

- 6.7** The annual budget will reflect the best estimate of the resources available to the Trust for the forthcoming year and will detail how those resources are to be utilised.
- 6.8** The budgetary planning process will consider all requirements of the ESFA and incorporate the following elements:
- An estimate the amount of General Annual Grant based on determined pupil numbers on roll (Census data)
 - latest estimate of other ESFA funding e.g. pupil premium, sports premium or other specific funds
 - review of other income sources available to the Trust
 - a detailed review of past income and expenditure
 - identification of potential efficiency savings
 - review of the main expenditure headings in the Business Plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
 - all carry forward balances
 - any unspent grants from the previous financial year
 - any funds held in Trust
 - Where an additional school joins the Trust within a reporting year guidance on reporting will be sought from the ESFA.
- 6.9** Detailed records will be kept of all information used in preparing the budget, including estimations of staffing requirements and calculations of all costs
- 6.10** Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income will be explored and expenditure headings reviewed for areas reductions can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will 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 Trust Business Plan.
- 6.11** If there is a significant (over 10%) variation from the anticipated budget this will be escalated to the Finance and Staffing as part of the monthly management accounts procedure.
- 6.12** The budget must be recommended by the Finance and Staffing Committee to the Board of Directors for approval.
- 6.13** The approved budget will be promptly entered onto the Trust's accounting system at the start of the new financial year and is fixed. It is not The Trust's policy to approve any virements to the budget. Any variances to the original budget will be highlighted via the monthly monitoring process and reported to the Finance and Staffing Committee at the next available meeting.
- 6.14** A copy of the signed budget plan is to be placed onto KLZ by the Clerk to the Board of Directors and a further copy retained by the TBM.
- 6.15** The approved Trust budget must be submitted to the ESFA in the required format, initially within six weeks of receiving the Funding Agreement, thereafter by 31 July each year. The TBM is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures a timely submission to ESFA.
- 6.16** Once the budget has been approved this should be communicated to all budget holders to ensure they are aware of the overall budgetary constraints

- 6.17** The budget is a working document which may need revising throughout the year as circumstances change.
- 6.18** All budget holders must operate within the same objectives and controls as those agreed for the Trust as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the CEO who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.
- 6.19** Any potential overspends against the budget must in the first instance be discussed with the TBM. The accounting system will not permit orders to be made against an overspent budget without the approval of the TBM and CEO

Budget Monitoring

- 6.20** Monthly monitoring reports actual income and expenditure against budget for each line item will be prepared by the TFM and reported to the TBM. 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 £10,000 (whichever is smaller)
- 6.21** The monthly monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate.
- 6.22** In accordance with the Academies Financial Handbook the TBM is responsible for circulating monthly management accounts to the Trust Leadership Team and the Trust Chair. The reports will detail actual income and expenditure (including commitments) against budget for each line item for Headteachers and be at a strategic level for the CEO and the Trust Chair
- 6.23** Urgent budget issues will be reported to the Finance and Staffing Committee and CEO immediately
- 6.24** The TBM will ensure the management accounts are shared with the Trust Chair monthly
- 6.25** The Finance and Staffing Committee will monitor the Trust budget at least four times per year and report to the Board of Directors. The Board of Directors will continually monitor the quality of the financial information presented to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative acting to maintain financial viability
- 6.26** The TFM will meet with individual Headteachers to discuss their individual school's budget position four times per year

Other Government Funding

- 6.27** In addition to GAG funding from ESFA the Trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. All government funding must be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually
- 6.28** The TFM is responsible for recording income and expenditure for each grant, providing

a reconciliation within the monthly management accounts.

Other Grants and specific funding

- 6.29** In addition to the GAG funding from the ESFA the Trust 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 must be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually
- 6.30** The TFM is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts

Review of Regularity

- 6.31** The CEO (in his/her role as Accounting Officer) must ensure the appropriate measures are in place for reviewing regularity
- 6.32** The CEO reviews the following documents at least three times per year to ensure the Trust is working within the boundaries of regularity and propriety:
- reviews management accounts
 - reviews compliance against the Scheme of Financial Delegation (appendix 2)
 - reviews transactions for evidence of connected party transactions
 - value for money practice
 - review of minutes at all levels of governance
- 6.33** The Accounting Officer has delegated the following responsibilities to the TBM
- adherence to tendering policies
 - review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook

7. ANNUAL ACCOUNTS

- 7.1** In accordance with the Academies Financial Handbook, the Trust must prepare audited, consolidated accounts.
- 7.2** Members will appoint the statutory auditors to audit the accounts and confirm that they are “true and fair”
- 7.3** The accounts are outsourced to our auditors, Kreston Reeves, for preparation
- 7.4** The annual accounts will then be submitted as follows:
- by 31 December – to ESFA
 - by 31 January – published on Trust’s website
 - by 31 May – to Companies House

Value for Money Statement

- 7.5** The Trust must include three focused examples of value for money as part of the annual accounts
- 7.6** The TBM is responsible for collating the examples of value for money which are then confirmed by the Finance and Staffing Committee

Audit Arrangements

- 7.7** The TBM 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

7.8 The TFM and TBM will be required to ensure that up to date and accurate accounts are available and that year end processes are followed.

7.9 The CEO, Headteacher, TFM and Office Managers and Headteachers will need to be available to support the statutory auditors in conducting their work.

Work undertaken during accounting period

7.10 The TBM and TFM are 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
- monthly depreciation charges
- maintaining income and expenditure records (including filing of invoices)
- reviewing aged debtors for any provisions required
- maintaining a record of Member and Directors 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 Directors

Work undertaken for year end

7.11 The TBM and TFM are responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- stock take and including of year end stock value
- prepayments for IT licenses
- prepayments or accruals for grant income
- control account reconciliations (bank, wages, debtors, creditors)
- close down of the purchase ledgers
- close down of the Sales ledgers and aged debtors
- pension valuations
- Pension Audit

Accounts Return

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

7.13 The accounts return is outsourced to our auditors, Kreston Reeves for preparation

8. DOCUMENT RETENTION

8.1 Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee has left
- All student files until the student reaches the age of 21 unless passed to a successor school

9. ACCOUNTING SYSTEM

9.1 The Trust uses Capita's Financial Management System (FMS) and all financial transactions must be recorded using this system.

9.2 Access rights within FMS are defined for each user with a unique ID and password.

Access to the component parts of FMS can be restricted and the TFM is responsible for determining security and access levels for all members of staff using the system. Users are detailed in Scheme of Financial Delegation (appendix 2)

- 9.3** The Trust has a standard chart of accounts which will be used by all the schools. Requests to set up new nominal accounts need to be made to the TFM.
- 9.4** The Trust purchases remote backup and disaster recovery from EIS; a trading company of the Kent County Council. KCC School's Financial Services provide technical support for FMS.
- 9.5** Office Managers are responsible for ensuring the following:
- All transactions are appropriately authorised
 - A clear audit trail for all financial transactions from the original documentation to accounting records
 - Finance records stored for six years plus the current year
 - Only authorised staff are permitted access to the accounting records, which are securely retained when not in use
 - Orders on requisitions authorised in accordance with the Scheme of Financial Delegation (appendix 2)
 - Checking and processing invoices
 - Raising cheques in accordance with bank mandate
 - Administering BACs payments
- 9.6** The TFM is responsible for ensuring the following reconciliations are carried out and account balances reviewed:
- Cashbook entries
 - Income received from the EFA/LA against expected allocations
 - All journal transfers
 - Unpresented cheques outstanding for more than six months
 - Fixed asset transactions
 - Sales Ledger control accounts
 - Purchase ledger control accounts
 - VAT control accounts
 - Payroll control accounts
 - Bank statements
 - Sundry creditors/accruals
 - Sundry debtors/prepayment
 - Suspense accounts
 - Funding reconciliation
 - Intra-company accounts
 - Fixed asset accounts
 - Obtain and review system reports to ensure only regular transactions are posted to the accounting system
 - Any other balance sheet accounts as appropriate
- 9.7** Any unusual or long-standing reconciling items should be brought to the attention of the TBM.
- 9.8** The TFM and the TBM will meet at least monthly to review monitoring for each Trust school
- 9.9** The Board of Directors is to ensure that a whistleblowing policy is in place.
- 9.10** The Board of Directors must have oversight of information submitted to the DfE and

EFA, such as pupil number returns and funding claims. The Finance and Staffing committee must consider risk and controls and all schools within the Trust.

10. EXPENDITURE LIMITS

- 10.1** As a purchaser of goods and services, the Trust operates as a single entity. As such, it is subject to laws which govern its behaviours around the tendering of goods and services.
- 10.2** *It is imperative that budget holders communicate their intentions concerning the purchase of good and services in advance in order that the Trust*
- *Complies with tendering regulations*
 - *Maximises value for money through economies of scale*
- 10.3** As a single entity the Trust has opportunities to benefit from the economies of scale when making purchases that may involve more than one school.
- 10.4** Whilst individual budget holders have expenditure limits, there is a requirement that they share their intentions to purchase in advance of placing orders.
- 10.5** ***Expenditure limits, approval process and authorisation for goods and services including documentation required is set out in the Scheme of Financial Delegation (appendix 2)***
- 10.6** A Headteacher can only authorise expenditure in accordance with the approval process and authorisation levels set out in the Scheme of Financial Delegation (appendix 2) on goods and services as identified in their School Development Plan. Avoidance of obtaining higher authority by raising a sequence of smaller orders in place of one large order is not permitted.
- 10.7** Any other expenditure and all contracts must be referred to the TBM prior to ordering to ensure best value for money through joint procurement opportunities

Contracts

- 10.8** By law an operating lease is the only type of lease available to academies. These leases involve the Trust paying a rental for the hire of an asset for a period of time and have the character of a rental agreement. No other lease, such as finance leases or hire purchase, may be entered into by the Trust as this is a form of borrowing.
- 10.9** Any contractual agreement requires authorisation from both the CEO and TBM. Any contract for longer than 12 months will be approved by the Finance and Staffing Committee

11. PURCHASING

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

- 11.2 A quote or price must always be obtained before any order is placed in accordance with the documentation, expenditure limits, approval process and authorisation for goods and services in set out in the Scheme of Financial Delegation (appendix 2). All staff are required to demonstrate value for money and accountability prior to purchase regardless of the need for quotes and tenders**
- 11.3 Where quotes are obtained at outline in appendix 2, they must be stapled to the invoices. In schools the Headteacher must sign and date the quote which offers best value for money. This is the responsibility of the TBM or TFM for central purchases.**
- 11.4 All purchasing must be carried out in line with the segregation of duties outlined in section 4**
- 11.5 As a general principle the Trust procedures for purchasing should ensure purchase are as required and for bona fide purposes, and that value for money is obtained in respect of all goods and services**
- 11.6 Budget holders will be informed of the budget available to them at the start of the financial year.**
- 11.7 It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure against budget will be provided to budget holders each month**
- 11.8 Staff are responsible for making the first request for the purchase of goods or services using a Trust order form. Order forms are completed manually by the requesting member of staff for all orders. Orders will only be authorised if the documentation laid out in the Scheme of Financial Delegation (appendix 2) demonstrating value of money is included**
- 11.9 No order may be placed without a valid purchase order number prior to placing the order.**
- 11.10 An FMS raised purchase order will be produced by the school office for approval by the budget holder, attached to the order form and filed in alphabetical order.**
- 11.11 Verbal ordering will be permitted only in situations where raising an official order is not practical and with prior authorisation from the budget holder and approval from TBM. It must be entered onto the accounting system as soon as possible in order a purchase order can be raised for the financial commitment. In such cases the documentation required set out in the Scheme of Financial Delegation (appendix 2) is STILL required to ensure best value**
- 11.12 All orders must be placed using the school or Trust address for delivery and invoicing.**
- 11.13 Once a purchase order has been approved by the budget holder, it will be sent to the supplier/contractor via email where possible. The school office will make appropriate arrangements for delivery**
- 11.14 Orders may only be used for goods and services provided to the Trust. Private individuals and other organisations may not use the purchasing system to obtain work. Goods, materials and services net of VAT**

Goods received

- 11.15** Upon receipt, a detailed inspection of the goods received must be checked against the delivery note and signed and dated by the person checking off the goods. The delivery note must be passed back to the school office without delay to enable the invoice to be processed when received
- 11.16** The Office Manager must be notified directly of any discrepancies. The Office Manager will contact the supplier of the goods without delay
- 11.17** If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, a credit note must be requested without delay
- 11.18** Staff who requested the goods are responsible for ensuring the goods received are of an acceptable quality. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Office Manger must be notified immediately. Any unwanted goods that have not been reported to the Office Manager in time to be returned will be charged to the budget holder responsible
- 11.19** The Office manager will check the delivery note against the original order to ensure the correct goods have been dispatched and then attach the delivery note to the original order and purchase order form in the file

Invoices

Payments to individuals

- 11.20** The Intermediaries legislation, commonly known as IR35, was introduced in April 2000 to counter avoidance of employed levels of tax and national insurance through intermediaries
- 11.21** Payments can be made to individuals on production of an invoice. An enquiry must be carried out on the individual using the HMRC, Employer Status Indicator Tool, on the [HMRC website](#). The generated reference number must be kept with the invoice. If the enquiry shows that the payment cannot be made to the individual via the invoice produced, the appropriate payroll form should be completed, and the individual paid through the school's payroll provider.
- 11.22** The TFM must be informed immediately of all payments to individuals under the intermediaries' legislation
- 11.23** The Trust must return details of all payments to individuals as workers at least every 3 months by the deadline date set by HRMC. The TBM is responsible for making these returns
 - 6 April to 5 July by 5 August
 - 6 July to 5 October by 5 November
 - 6 October to 5 January by 5 February
 - 6 January to 5 April by 5 May
 - NIL returns are required

Payments for suppliers and services

- 11.24** Payment for supplies and services will be paid within 30 days of receipt of an invoice when:
 - it is confirmed that goods or services have been received and any discrepancies followed up
 - the quantity and quality are as expected
 - all supporting documentation is attached (delivery note, order form, purchase order and quotes for orders over £1000) and the invoice checked for accuracy against these

- the invoice is arithmetically correct
- prices match the original order; unless subsequent discussions have been had with the supplier and the budget holder has approved the difference
- VAT has been treated correctly
- The supplier information on FMS has been checked, including the inclusion of any VAT number. VAT cannot be reclaimed without a valid VAT number in FMS
- If the suppliers bank information has changed this must also be updated on the commercial banking system
- The invoice is date stamped received and authorised according to the school's delegated authority.
- The original invoice is marked as paid to ensure duplicate payments are not made, together with details of the cheque or BACs reference number
- A copy of the remittance advice generated relating to the payment is affixed to the original invoice

11.25 The Office Manager will carry out the above checks and enter the invoices on FMS as soon as possible. For central purchases this is the Trust administrator.

11.26 On receipt of an invoice the budget holder will sign the invoice to confirm:

- 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
- If over £1000 that that the quote offering best value for money is signed and dated

11.27 *Prior to using BACs for the first time, all staff are required to read the 'Little BACs Book'*

11.28 At least two people will authorise the payment of invoices. Cheques will be generated via FMS or the supplier paid by BACs. Authorisation of payment requires two authorised signatories in line with the bank mandate and the Scheme of Financial Delegation (appendix 2). When paying by BACs the person who presents the invoice for payment cannot authorise payment **When paying by BACs the authorised signatories must both ensure the bank and sort codes have been correctly entered prior to approving payment.**

11.29 The Office Manager is designated to control cheques/BACS and must ensure that:

- A current bank mandate is kept on file and that the mandated signatories are consistent with those noted in these financial regulations
- Cheque/BACS run/remittance reports are kept on file and are signed by at least one cheque signatory confirming an unbroken sequence of cheque numbers.
- Spoiled cheques are cancelled on the financial system, defaced and retained on file to confirm that all cheques have been accounted for.
- All blank cheques are securely stored and properly accounted for.
- Blank cheques are not pre-signed.
- Where continuous cheque stationery is used, the approved format is complied with, in accordance with Trust guidance.
- All raised cheques/BACS are entered correctly on the financial accounting system.
- Minimum remaining cheque levels are established with the bank.

11.30 No photocopied or faxed invoices will be paid but invoices sent electronically by email are acceptable.

- 11.31** If discount is available for prompt payment, then payment can be made immediately having considered any loss of bank interest that might arise
- 11.32** 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”.
- 11.33** Under no circumstances are payments to be paid against statements.
- 11.34** The Trust will pay suppliers by BACs or direct debit whenever possible
- 11.35** 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 to ensure that this is complied with.

Other Purchases

- 11.36** The Trust recognises that there are instances when it is not possible to process orders for goods and services in the normal way and items such as ingredients for cookery. These must be purchased using a Corporate Card.

Internet Purchases

- 11.37** The Trust recognises that purchasing goods and services over the internet which requires payment at the time of ordering is becoming more common in practice. 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.
- 11.38** Internet purchases are only to be made if there is a benefit to the Trust. For example, cheaper price (significantly enough to consider increased internal administration for this type of transaction), better delivery time, product unique to a supplier
- 11.39** Order forms for internet purchases must be clearly marked – Order online – Corporate card holders must authorise and process payment for good ordered.
- 11.40** It is the responsibility of the following to ensure the internet is the most appropriate means of procurement:
- School purchases – Headteacher
 - Trust purchases – TBM or TFM
- 11.41** Internet purchases may only be made upon use of due diligence which should not only involve consideration of price but also assurance of genuine goods, which meet British health and safety standards and full guarantee.
- 11.42** It is essential to obtain a VAT receipt (including registered VAT number) to recover the VAT and demonstrate good value for money.
- 11.43** The preferred method of payment for internet purchases is the request of an invoice from the supplier, which can be paid via the Trust’s normal payment route
- 11.44** When using a card for internet purchases, card holders must ensure that the internet site is secure and that all companies used are safe, reputable and free from fraudulent activity. Never disclose card details on an email as this method of payment is not secure.
- 11.45** Details of Trust bank accounts should never be provided as a secondary form of

payment. For example, creation of a PayPal account. The use of online auction sites, for example eBay, is not permitted

11.46 Payment using an individual's personal credit/debit card must not take place

Internal procurement controls

11.47 On a termly basis, the TFM and/or TBM and Local Governing Body financial representative will check a sample of all types of procurement transactions (minimum 3 or 20% whichever is the greater) for adherence to the Trust's Financial Regulations programme of internal control.

Staff Wellbeing

11.48 Spending on staff social events, gifts or similar personal benefits are not justifiable as staff wellbeing and must not be made from the Trust's budgets. Examples include (but not exhaustively) leaving and congratulatory gifts

11.49 An appropriate expenditure for wellbeing would be the purchase of a cared and small gift (up to maximum value £25 including delivery for a long-term sick or bereaved member of staff

Business Charge Cards

11.50 Business Charge card holders are allocated according to the Scheme of Financial Delegation (appendix 2) according to the requirement of their role. The list will match the records held by commercial banking with Lloyds Bank at all times.

11.51 Each cardholder is personally responsible for the safe custody of their card. The card must be held securely at all times and report the loss of the card or PIN to Lloyds Bank PLC immediately, followed by the TBM. Both the card holder and the Headteacher (for school issued cards) are jointly liable for the integrity of all transactions and proper and controlled use of the card

11.52 All corporate card holders are required to read, sign and date the Business Charge Cards – Responsibilities and Restrictions document prior to accepting a Business Charge Card

11.53 Business Charge card holders will:

- NOT store the PIN with the card, nor disclose PIN or card details to other persons
- NOT save the card details on any website
- NOT use the card to withdraw cash, including foreign currency transactions
- NOT use the card as a secondary form of payment e.g. creation of PayPal account
- NOT use the card to set up a reoccurring transaction
- Ensure card is held securely by the individual and not kept at the school overnight
- Supply a valid VAT receipt for every transaction
- Report any instances of unauthorised card use to the Headteacher and TBM
- Refund to the Trust in full any cash withdrawal charge and/or interest charged for inappropriate transactions

11.54 The transaction must be recorded in FMS as soon as possible and receipts attached to the purchase order and order form

11.55 A direct debit must be set up to clear the monthly balance on all cards in full.

11.56 Authorised purchase receipts will be reconciled receipts against the monthly statements and subsequently against the bank direct debit charge.

11.57 Business Charge Cards are only to be used where payment on account is not available – either due to required timescales or restricted supplier payment options.

11.58 The Office Managers will:

- reconcile receipts to the Business Charge card statement monthly ensuring there is a signed order form and purchase order for each entry on the statement
- report any instances of unauthorised transactions or losses to the TBM, who will inform the Board of Directors

11.59 The annual fee for all school issued cards will be charged direct to each school

Reimbursements to individuals

11.60 Requests for reimbursement to individuals may be made up to £10 using petty cash and supported by a valid VAT receipt for the goods/services received

11.61 Request for reimbursement to individual may be made up to £20 **ONLY** for fuel in a mini bus or top up for a Trust mobile phone using petty cash and supported by a valid VAT receipt

Petty Cash

11.62 Petty cash must be handled by a minimum of two people in accordance with the segregation of duties set out in section 4

- Dispersing
- Reconciling

11.63 Petty cash may only be reimbursed from the main school bank account.

11.64 Petty cash will be held securely at all times and the limit for petty cash is £250.

11.65 Petty cash transactions will be kept to a minimum and the maximum value of any one transaction is £10 (with the exception of fuel for a Trust mini bus or Trust mobile phone top up which is capped at £20).

11.66 All petty cash claims must be accompanied by a valid VAT receipt as this demonstrates value for money in respect of the school budget and satisfies legislative requirements

11.67 Petty cash payments are subject to the same authorisation as purchases from the main bank account

11.68 Petty cash vouchers must be signed and dated by the employee who submitted the claim upon reimbursement.

11.69 Petty cash is reconciled at least monthly by the Office Manager and the reconciliation reviewed by the Finance Manager

11.70 Petty cash transactions must be entered onto FMS as soon as possible

11.71 Petty cash must not be used for cashing personal cheques or providing a staff loan

Tenders

11.72 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

11.73 This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the TBM how best to advertise for suppliers' e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the

preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tenders

11.74 This is where suppliers are specifically invited to tender and 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 is such that only specific suppliers can be expected to supply the Trust's requirements

11.75 the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering

Negotiated Tender

11.76 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 existing supplier are justified

Preparing for Tender

11.77 Full consideration should be given to:

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

11.78 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.

Invitation to Tender

11.79 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.

11.80 An invitation to tender should include the following:

- introduction/background
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of the tender
- form of response
- dates for decision and work to be delivered

Aspects to consider

11.81 Financial

- comparison of like with like cost and if a lower price means a reduced service or lower quality, this should be borne in mind when reaching a decision
- hidden costs – care should be taken to ensure tender price is the total price
- is there scope for negotiation?

11.82 Technical

- qualifications of the contractor
- relevant experience of the contractor
- descriptions of technical and service facilities
- certificates of quality/conformity with standards
- quality control procedures
- details of previous sales and references from past customers

11.83 Other considerations

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

Tender Acceptance Procedures

11.84 The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. Tenders should be 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 should not be accepted.

Tender Opening Procedures

11.85 All tenders should be opened at the same time and tender details should be recorded and signed. Two persons should be present at the opening of the tenders this would normally be the CEO and the TBM. In some circumstances this could be delegated to an agent who has been employed by the Trust to undertake the tendering process i.e. a firm of architects.

11.86 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tender Evaluation Procedures

11.87 The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

11.88 Those involved must take care not to accept gifts or hospitality from potential suppliers that could be seen to compromise their independence.

11.89 Full records should be kept of all criteria used for evaluation and award of contract. A report should be prepared for the Finance and Staffing Committee highlighting the relevant issues and recommend a decision for all contracts over £50000.

11.90 The accepted tender should be one that is economically most advantageous unless it can be demonstrated that this is not the best option for the Trust and other factors outweigh any monetary savings. All parties should then be informed of the decision.

12. CASH MANAGEMENT

Cash Flow Forecasts

12.1 The TFM and the TBM are responsible for preparing cash flow forecasts to ensure the Trust has sufficient funds to cover day to day operation. If significant balances can be

foreseen, steps will be taken to invest the extra funds. Similarly, plans will be made to re-profile annual spending plans to cover potential cash shortages

Investments

12.2 Investments will only be made in accordance with written procedures approved by the Board of Directors under a separate investment policy

Reserves

12.3 The budget will be managed in line with Trust's Balances and Reserves Policy which is reviewed annually

Bank Accounts

12.4 All decisions about choice of banking service provider and subsequent banking arrangements will be made by the CEO and approved by the Board of Directors

12.5 In the event of changes to key personnel, it is the responsibility of the Headteacher to immediately notify the TBM that the signatories need to be changed and the bank notified. Any access to online banking will also be removed

12.6 The Trust must inform the bank in writing that their accounts must not become overdrawn

12.7 The Trust has appointed Lloyds Bank PLC as their bankers

12.8 The Scheme of Financial Delegation (appendix 2) sets out the arrangements covering the operation of the accounts including any internet transfers between accounts, cheque signing arrangements, and the operation of systems such as BACs which must also be subject to the same level of control

12.9 The Headteacher must ensure that the school accounts never become overdrawn. Any concerns regarding cash flow must immediately be reported to the TBM and Accounting Officer (CEO).

12.10 The TFM is responsible for carrying out monthly bank statement reconciliations for all bank accounts except Voluntary Funds. Any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken.

12.11 Directors will wish to maximise income as far as possible and, where appropriate.

12.12 Direct Debit or Standing Order payment arrangements must be authorised in accordance with the bank mandate. A current bank mandate must be retained by the TBM.

12.13 Schools will use BACS facilities to replace cheques where possible. The principles and authorisation remain the same as for cheque payments.

12.14 The Trust's bank accounts information is available in appendix 1

Deposits

12.15 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. A reference such as the number of the deposit or name of the debtor must also be used. Schools should use their designated paying in book for all deposits so that the origin of the receipt can be identified from the school's bank

account statement for reconciliation

Payments and withdrawals

12.16 All payments or withdrawals from the Trust bank accounts must bear to authorised signatures in line with the bank mandate and Scheme of Financial Delegation (appendix 2). This applies to all accounts operated on behalf of the Trust

Bank Reconciliations

12.17 The TFM is responsible for ensuring all bank statements are received regularly and reconciliations are performed on at least a monthly basis in accordance with the segregation of duties in section 4. Reconciliation procedures will ensure:

- all bank accounts are reconciled to the FMS system
- reconciliations are subject to an independent termly review, either by the TBM or during the internal audit
- adjustments are dealt with promptly

13. PAYROLL

13.0 The main elements of the payroll system are:

- Staff Appointments
- Payroll administration
- Payments and monitoring

Staff Appointments

13.1 *It is imperative that Trust Senior Leaders communicate with both the CEO and Trust Business Manager immediately once it is known a member of staff is leaving and when there is the intention to employ to a position, either vacant or new*

13.2 *As a single entity employer, there are opportunities that will arise when both staff leave and where there may be employment opportunities for existing staff across the Trust. This is also the case where there is the need to restructure staff.*

13.3 The Board of Directors approves the personnel structure for the Trust annually. The operational responsibility for setting the structure lies with the CEO.

13.4 Changes to the Trust's personnel structure mid-year should be reported to the Finance and Staffing Committee for discussion and adoption of the correct procedures in relation to the type of structural change proposed.

13.5 The Board of Directors is responsible for appointing the CEO, CFO, Headteachers and Clerk at all levels of governance

13.6 The Finance and Staffing Committee is responsible for agreeing the central staffing structure

13.7 The CEO and TBM are responsible for appointing central staff within the approved staffing structure

13.8 The CEO and Headteachers are responsible for appointing school staff within the approved staffing structure once the financial implications have been approved by the TBM

13.9 Office Managers are responsible for ensuring all pre-employment checks have been undertaken and ensuring these are retained on file, including DBS check

13.10 Headteachers are responsible for ensuring all pre-employment checks have been completed prior to a new member of staff taking up their position, including DBS check

Payroll Administration

13.11 The Trust payroll will be administered by a payroll provider approved by the Finance and Staffing Committee

13.12 The administration of the Trust's payroll is outsourced to Kent County Council's Schools Personnel Service (SPS).

13.13 All Payroll transactions relating to The Trust staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made to staff through any other mechanism.

13.14 Payroll systems will only be accessed by approved users

13.15 Backup systems are the responsibility of the payroll provider

13.16 All new appointments, leavers, changes to contracts or personal details are be by notified to SPS via email by the 1st of the month. School forms should be completed by the Office Managers and authorised by the Headteachers for school staff and the TBM for central staff Copies should be retained in the employees personnel file.

13.17 No senior leader can authorise amendments concerning their own pay and conditions. In the case of changes to the CEO's salary, forms should be signed by the Chair of Finance and Staffing Committee.

13.18 All personnel changes must be notified to the TBM immediately.

13.19 All personnel files will be stored in a lockable cabinet and include each individual's contract of employment. Headteachers are responsible for maintaining all school-based personnel files. Individuals can request to see their own file in line with data protection policies.

13.20 The CEO is responsible for maintaining all central staff personnel files. The CEO Office Managers only have access to their own school staff files.

13.21 Headteachers are responsible for ensuring all staff contracts are appropriately signed and dated both by the employee and themselves. For central staff this is the responsibility of the CEO

13.22 The Office Managers are responsible for keeping the staff personnel database up-to-date via RM Integris Personnel system. Headteachers oversee this process.

13.23 Absence records are maintained by the Office Managers. Absence and Unpaid leave must be recorded on the first day of absence on to the spreadsheet provided monthly by SPS.

13.24 Staff claims for overtime must be checked and authorised by the Headteacher or TBM. Claims for overtime, casual claims and supply claims will be entered on to the spreadsheet provided monthly by SPS

13.25 All leave forms and additional payments will be authorised by the Headteacher or TBM and submitted by the deadline provided each month from SPS.

13.26 There will be an annual rolling accuracy check to ensure all staff are being the paid the correct amount recorded on the RM Integris Personnel system

13.27 A delegated member of the Finance and Staffing Committee will monitor payroll on a sample basis at least twice per year

Payments and Monitoring

13.28 The Trust does not award salary advances except where a member of staff takes up a post just after the payroll cut off and it would cause them severe financial difficulties to wait until the following month.

13.29 SPS submit payroll reports prior to salary payments being dispatched detailing costs and individual's payment details. The TBM will reconcile trial payslips against Monthly Staff Profile report from the budget planning software Orovia. Any differences must be investigated immediately, and remedial action taken to prevent under or overpayment to staff

13.30 All salary payments are usually made by BACS, in exceptional circumstances cheques will be issued – following confirmation of the correctly calculated amount from the payroll provider.

13.31 SPS automatically calculate the deductions due from payroll to comply with current legislation. SPS are authorised to make third party payments on behalf of The Trust for the amounts of deductions owed to HMRC, Teachers Pensions and the Local Government Pension Scheme.

13.32 The TFM will enter the payroll data into FMS via journal transfer at the earliest opportunity

13.33 The TFM has responsibility for checking and reconciling actual payroll monthly payment and deductions to those expected and committed to the budget planning software Orovia. These are then authorised by the Headteacher. The CEO will authorise for central staff. A copy of the payroll rec for their own school will be retained by the Headteacher

13.34 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 Trust 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 TFM and the TBM

13.35 Each month the TFM will reconcile back to the bank statement all payments for salaries, BACs, and other salary related payments

13.36 Costs will be top sliced across the schools for any members of staff that are required to work across the Trust as a whole and this will change accordingly.

Mileage Allowance and Subsistence Claims

13.37 Individuals must have suitable insurance in place to cover both the vehicle and passengers that indemnifies the Trust against any claim prior to undertaking any business journey

13.38 It is the responsibility of the following people to ensure individuals have suitable insurance and to see insurance certificates prior to the commencement of any business journey

- Headteachers – school-based staff

- TBM – central staff

13.39 The Trust 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.

Tax: rates per business mile

Type of vehicle	First 10,000 miles	Above 10,000 miles
Cars and vans	45p (40p before 2011 to 2012)	25p
Motorcycles	24p	24p
Bikes	20p	20p

13.40 The Trust cannot reclaim VAT without a proper VAT receipt. 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 Trust to be able to reclaim VAT. For example, if an individual travels 25 business mile they must include a fuel VAT receipt for minimum £11.25 (25 x 45p)

13.41 All claims for mileage must be based from the normal place of work. If travel does not take place to and/or from the normal place of work, home to work mileage to and/or from the normal place of work must first be deducted

13.42 A valid VAT receipt must accompany all other expense claims. Expense claims other than car parking, or rail travel for business purposes must be agreed in advance by the budget holder

13.43 Claims for expenses must be checked and authorised by the following people prior to submission to payroll:

- Headteachers –school-based staff
- TBM – central staff
- Chief Executive Officer – Headteachers
- Trust Chair – Chief Executive Officer

13.44 Exceptionally overnight accommodation, with prior approval from the CEO, may be reimbursed up to a maximum of £75/night when accompanied by a valid VAT receipt.

13.45 It is the responsibility of the TFM to check and reconcile expense claims to the actual monthly payment

Payment of Additional Hours

13.46 Where additional hours are paid for supply cover due diligence must be paid at all times to consider on costs of existing staff to ensure best value for money.

13.47 Additional may not be claimed without prior approval of the budget holder. The Headteacher may authorise overtime up to the level agreed within the annual budget. Beyond this limit, authorisation can only be made by the CEO.

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

- 13.49** Claims for overtime must be checked and authorised prior to submission to payroll by the following people:
- Headteachers –school-based staff
 - TBM – central staff
 - Chief Executive Officer – Headteachers
 - Chair of the Finance and Staffing Committee – Chief Executive Officer
- 13.50** It is the responsibility of the TFM to check and reconcile claims for additional hours to the actual monthly payment

Supply Staff

- 13.51** The TBM ensures the Trust is purchasing supply staff at the most competitive prices available
- 13.52** All supply staff will be appointed by the Headteacher or as otherwise directed by the Headteacher.
- 13.53** Office Managers will commitment for the estimated costs incurred for supply staff and enter on to the school's finance system from the relevant purchase order

14. PERSONAL GAIN

- 14.1** Trust staff, Members, Directors, Governors or volunteers will not seek to benefit in any loyalty scheme or points collection system through the use of Trust funding at any level. It will be the responsibility of the budget holder approving invoices and expenses to check receipts and invoices for participation in such schemes and refuse reimbursement where it is considered that personal gain has been made as a product of the purchase.

15. INCOME

Delegated Fund Income

- 15.1** The main sources of income to the Trust are the grants from the Educations Skills Funding Agency (ESFA) and the Local Authority.
- 15.2** It is the responsibility of the TFM to ensure that all income due to the Trust have been received and banked, including monthly budget allocations from the Trust. The TFM is also responsible for ensuring any rebates due to the Trust are collected e.g. rates

Income Collected by the Trust

- 15.3** *All income collected by the Trust must be carried out in line with the segregation of duties outlined in section 4.*
- 15.4** The Trust also collects income from:
- Parents – for trips and residential visits, extended services (breakfast and after school clubs and extracurricular activities)
 - Public – for lettings, school events, donations
 - Parent Fundraising bodies (e.g. PTFA, Friends of...)
 - Consultation Services (provision of temporary leadership or specialist advice/support to other schools)
 - Charitable donations – these are usually conditional e.g. for a specific purpose
- 15.5** Any fund raising on behalf of another charity should be handled in line with the segregation of duties outlined in section 4 but must not be paid into the Trust's bank

accounts nor entered onto the Trust's financial accounting system, e.g. Children in Need, Red Nose Day, Poppy Appeal. Any such collections should be paid directly into the charity's own bank account

- 15.6** All income received should be recorded immediately and entered onto the Trust'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 by the school, and the method by which payment is made i.e. cash or cheque.
- 15.7** All cash and cheques must be kept in the school safe prior to banking. Income received must be banked in its entirety into the appropriate bank account at least weekly or when insured cash limit has been reached if earlier.
- 15.8** Admin Assistants are responsible for preparing reconciliations between the sums collected, the sums deposited at the bank. Office Managers reconcile the amounts deposited and post FMS.
- 15.9** When income is banked the deposit slip must be totalled in value, 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.
- 15.10** Income received by the school will be acknowledged to the payer by issue of a receipt when the value of the payment in cash exceeds £20 or lower if requested. Due regard must be given to ensure VAT is accounted for appropriately. No category of Trust income should be excluded from the issue of a receipt. Copies of receipts issued should be retained for future reference, e.g. to resolve a dispute over payment.
- 15.11** Trust staff personal cheques will not be cashed from money received by the Trust.
- 15.12** Insurance policy cover for cash and cheques held on site must not be exceeded. However, if a high level of income is expected the insurer must be informed to obtain additional short-term cover, and the income must then be banked as soon as is practicable.
- 15.13** The TFM will ensure that all invoices have been properly accounted for and that all monies due to the school have been collected.
- 15.14** Aged debtors are audited monthly by the TFM and monitored annually by the Finance and Staffing Committee.

Invoiced Income

- 15.15** Invoices raised by the school must be sequentially numbered with a copy retained on file. As an academy the Trust is not VAT registered, so VAT on income does not need to be accounted for. When invoiced income is received it must be dealt with as for any other income (section 12).

Cash on site

- 15.16** The following cash limits are covered by the Trust insurance policy. The following limits are per individual school
 - Cash in safe £5000
 - Cash not in safe £5000
 - Cash in transit £5000

School Trips

- 15.17** A lead teacher must be appointed for each trip. For every trip or activity, a School Trip Request Form must be completed which will calculate the total cost of the trip and the individual cost to each pupil. There must be evidence that there is no intention to make a profit from any trip or activity.
- 15.18** The Trust is investigation software to encourage all parents to pay for trips and activities using an online payment system. All cash/cheques must be placed in the class register folder which is taken to the office each morning. Payment cards must be issued for any trip that may be paid by instalments.
- 15.19** The Office Manager will maintain an up to date record for each pupil showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.
- 15.20** Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Headteacher in advance of the booking being made.
- 15.21** Parents will be encouraged to make a full contribution towards a trip however children should not be discriminated against if their parents are unwilling or unable to pay. Full details of subsidies available can be found in The Trust's Charges and Remissions Policy.

Lettings

General

- 15.22** The Board of Directors recognises the position of each school within the community and encourages the school to allow outside organisations to use their premises.
- 15.23** Lettings are the responsibility of the Local Governing Body and the administration of the letting that of the Office Manager.

Application Form

- 15.24** All hirers must complete a Trust Letting Booking Form. Long term hirers must complete a lettings form at least annually. The Headteacher is responsible for approving lettings in accordance with the Trust's Letting's Policy.
- 15.25** All lettings must be agreed in writing upon completion of a letting booking form after:
- Agreeing the scales of charges to be applied. Abatement of charges can only be made, subject to LAB approval.
 - Checking to ensure the application form has been properly signed by the hirer.
 - Confirming if the hirer is affiliated to any national association that has its own child protection policy (if within school hours).
 - Checking that the hirer has a child protection policy if not affiliated to a national association (if within school hours).
 - Checking that appropriate insurances are in place.
 - Deciding if it is necessary to seek references for the hirer.

Bookings

- 15.26** Once approved the Office Manager will issue a sequentially numbered Trust Hire Agreement Form and raise an invoice.
- 15.27** The Office Manager will provide the caretaker/site manager with copy of the Hire

Agreement Form and log the hire in the electronic school calendar

15.28 The Office Manager is responsible for maintaining all records of lettings, including records of books, identifying the sums due from each organisation and obtaining payment in advance of any booking.

15.29 All third parties using the facilities must provide the school office with a copy of their public liability insurance prior to the start of the letting.

Payments

15.30 The Office Manager is responsible for raising and issuing invoices. Payment is required in full prior to any letting taking place

Sundry Income

15.31 Income from other sources such as educational consultancy is priced in consultation with the CEO and TBM and will be agreed in advance of any consultancy taking place

Gift Aid

15.32 As an exempt charity the Trust is able to claim gift aid on donations from individuals. Further information is available from the [HRMC website](#)

15.33 The TFM will reconcile any income against records to confirm expected amounts have been received by the donor and ensures the tax reclaimable from HRMC has been obtained and any relevant business use deductions have been made.

Voluntary Funds

15.34 Voluntary funds accounts are used for transactions related to parental contributions e.g. photographs, fund raising events. Voluntary funds are managed separately on the financial system. Bredgar CE Primary and Borden CE Primary do not use separate voluntary accounts for such transactions

15.35 All individual school voluntary funds must be audited annually. It is the responsibility of the Headteacher of the individual school to ensure that an appropriate independent audit of the voluntary fund takes place and a report shared with the Finance and Staffing Committee

15.36 The individual school is responsible for all associated costs of auditing their voluntary fund

15.37 The TFM and TBM do not have any involvement with school voluntary funds

16. DEBT MANAGEMENT

16.1 Unless specifically detailed on the invoice, payment terms will be 30 days.

16.2 The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued will have the following process followed by the Office Manager:

- 30 days after original invoice issued – reminder email
- 2 weeks after first reminder email – telephone the debtor
- 2 weeks after telephone call - reminder letter.

16.3 If after 60 days the debt has not been recovered, the Office Manager will refer the debt to the TBM. The TBM may invoke the use of a Debt Collection Agency or take legal action

16.4 Debts may only be written off in accordance with the Scheme of Financial Delegation

(appendix 2). The DfE's prior approval is also required if the debt to be written off is above the value detailed in the funding agreement.

- 16.5** If the debt remains unrecoverable after 6 months, or it becomes clear the debt will not be repaid, the TBM submits a report for approval of write off in accordance with the authorisation of limits to write-off of debts set out in the Scheme of Financial Delegation (appendix 2). A sequence of smaller write offs to cover a larger write off is not permitted.

17. GIFTS FROM THIRD PARTIES

- 17.1** The Trust recognises that from time to time members of the public are generous and wish to make tokens of thanks to school staff for the part they have played in the education of their children. The making and acceptance of such gifts is not advertised or encouraged across the Trust. Only gifts of negligible value should be accepted. 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.
- All gifts valuing a total of more than £25 for an individual gift or series of smaller gifts across the year must be declared by all staff, Members, Directors Governors and volunteers.
 - It is the responsibility of each Headteacher to make a gift register available in each individual school and for the TBM to make a register available for central staff.
 - The TBM will audit the gifts registers annually.
 - No individual will accept any gift where there is an agreed or perceived pecuniary or social benefit associated with such gift.

18. VAT

VAT 126 Claims

- 18.1** Under legislation VAT claims can be made on expenditure supporting the Trust's core business purpose to provide education. The TFM will email the VAT 126 report produced by FMS to the TBM during the month end procedures.
- 18.2** A monthly consolidated claim will be made to HMRC by the TBM for all Trust schools.
- 18.3** Reimbursement will be made to each school by the Trust upon receipt from HMRC via internal bank transfer.

VAT Registration

- 18.4** The Trust is not registered for VAT at present. This is kept under ongoing review with the Trust's external auditors.
- 18.5** Whilst not registered for VAT the Trust does not charge VAT to its debtors
- 18.6** Guidance on VAT can be found on the [HRMC website](#).
- 18.7** Guidance on VAT rates can be found on the [HRMC website](#).

19. ASSETS AND INVENTORY

Asset Register

- 19.1** Each individual school will hold and maintain its own asset register for the purposes of supporting insurance claims.
- 19.2** 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
- The external auditors to draw conclusions on the annual accounts and the Trust's financial system
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

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

19.4 The Headteacher, supported by the Office Manager should ensure that all items purchased which have a useful life and value lasting more than one year or with a value over the Trust's capitalisation limit as outlined in appendix 2 per are recorded on the Trust fixed asset register held on KLZ 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

19.5 Examples of items to include on the asset register include:

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

Security of Assets

19.6 All the items in the register should be permanently and visibly marked as the Trust's property and there should be a regular (at least annual) count for all assets with value associated to them by someone other than the person maintaining the register.

19.7 Discrepancies between the asset register and the physical assets should be investigated promptly and where significant reported to the Headteacher and TBM.

19.8 Additional inventories of Trust property should be kept up to date and reviewed regularly for Insurance purposes. Where items are used by the Trust but do not belong

to it this should be noted.

- 19.9** Items of value are stored in a locked cupboard/cabinet where practicable and only accessed by authorised members of staff.
- 19.10** Safes must be kept locked, and where not digital, the key removed. Keys to safes, cash boxes and key safes must be carried on the person of the nominated key holder at all times. The loss of such keys should be immediately reported to the Headteacher or the TBM.
- 19.11** Money left on the premises shall be secured in a locked safe, and within the insured limits set out in section 17.
- 19.12** Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, CEO and TBM.
- 19.13** Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for Trust management.
- 19.14** Passwords must not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the Trust should be promptly revoked.
- 19.15** The management of IT security and data protection will be part of the IT support contract with the relevant outsourced provider as well as employed staff as necessary.

Loan of Assets

- 19.16** Items of Trust property must not be removed from school premises without the authority of the CEO or TBM and booked back into the school when it is returned.
- 19.17** A record of the loan must be made.
- 19.18** If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a benefit-in-kind for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors. All loans are subject to a Loan Form agreement being signed by the person in receipt of the loan of goods and the CEO or TBM

Disposal of Assets

- 19.19** Items which are to be disposed of by sale or destruction must be authorised for disposal by the TBM and, where significant, should be sold following competitive tender. The Trust 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.
- 19.20** Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.
- 19.21** The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid, in other Trust assets. If the sale proceeds are not reinvested, then the Trust must repay to the ESFA a proportion of the sale proceeds.
- 19.22** All disposals of land must be agreed in advance with the Secretary of State.

Depreciation of Assets

19.23 Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful life of the assets.

19.24 Currently a full year's depreciation is provided for in the year the asset is acquired and nil depreciation in the year of disposal.

19.25 It is intended that Asset Register information will be moved onto the Management Information System – in which case depreciation will be calculated on a pro-rata basis dependent on acquisition date. The rates of depreciation are in appendix 2

Accruals and Prepayments

19.26 The Trust will prepare its accounts on an accruals basis.

19.27 A materiality threshold of £500 has been adopted for the recording of prepayments and accruals.

Inventory

19.28 The Headteacher, supported by the Office Manager will maintain its own school's inventory to:

- Ensure proper physical control of Trust 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 Trust plan its equipment replacement programme.

19.29 All portable items of equipment will be security marked with the name and postcode of the school. If the Trust 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.

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

- All items valued at £500 or more at the time of acquisition or purchase, either individually or as a set.
- Items below the value noted above but which are considered attractive and portable.
- Items considered by the CEO/Headteacher/TBM as being worthy of inclusion.
- Items hired to or leased by the Trust, that match any of the above criteria will be included but identified accordingly.

19.31 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.

19.32 All inventory items recorded in the register will be checked annually by someone other than the person maintaining the register and certified as correct. Any adjustments arising from the physical check must be authorised accordingly. 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.

19.33 All authorised disposal of school inventory must be recorded, showing the method of disposal and the authority for such action.

19.34 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.

20. INSURANCE

20.1 The Finance and Staffing Committee reviews insurance arrangements annually. They ensure the sums assured are commensurate with risks and include cover for Trust property when off the premises. Insurance cover will include:

- Buildings and Contents
- Business interruption
- Works in progress
- Money
- Public Liability
- Hirers liability
- Employers liability
- Liable and slander
- Motor
- Legal and insured loss
- Engineering
- Fidelity guarantee
- Person accidental – employees, volunteers, governors and pupils
- School journeys
- Professional negligence

20.2 If maternity or sick pay insurance is required, this will be arranged centrally.

20.3 Budget holders must ensure all valuables are locked away securely when not being used in a supervised manner

20.4 Any insurance excess for replacement has to be funded by the department concerned. Items under £500 will receive no insurance pay out

21. ENERGY MANAGEMENT

21.1 Office Managers are responsible for recording, water, gas, electricity and oil consumption on a monthly basis. Meters should be checked before authorising any invoices from utility providers. Any discrepancies of unusual reading should be raised with the provider immediately.

21.2 The TBM and TFM are responsible for monitoring and analysing water, gas, electricity and oil consumption.

21.3 Site Managers ensure the school's heating systems are operated and run as efficiently as possible

21.4 The TBM ensures the Trust is purchasing energy at the most competitive prices available

22. DIRECTORS' ALLOWANCES

- 22.1** Section 36(5) of the Education Reform Act 1988 enables Governing Bodies to decide whether they wish to pay travelling and subsistence allowances from the Trust budget to individuals at all levels of governance. Boards in academies are free to determine their own policy on the payment of allowances and expenses. The policy of the Trust in respect of payment of allowances must be openly available to parents and governors.
- 22.2** The Board of Directors must consider the payment of allowances annually, and the outcome must be recorded appropriately in the minutes.

23. RISK MANAGEMENT

- 23.1** The Local Governing Body should ensure that a risk register is compiled and updated regularly (at least annually). 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. A copy should be forwarded to the Board of Directors seasonally.
- 23.2** Where risks arise that threaten the reputation of the Trust, business continuity or the financial viability of the school, they should be immediately notified to the Board of Directors.

24. SELF ASSESSMENT OF MANAGEMENT AND GOVERNANCE

- 24.1** Every Trust must have in place a process for independent checking of financial controls, systems, transactions and risks. The Board of Directors via the Finance and Staffing Committee will appoint a suitable external contractor to provide an internal audit service to carry out checks on the Trust's systems of internal control and on the adequacy of the Trust's arrangements for financial management and governance at least three times a year and report its findings to the Board of Directors.
- 24.2** The Accounting Officer will present the ESFA with a statement of regularity, propriety and compliance as part of the Trust's annual report. This will be reviewed by the Trust's external auditors.

25. INVESTIGATION OF FRAUD AND IRREGULARITY

- 25.1** The personal responsibilities of the Accounting Officer extend to the prevention of loss through fraud and irregularity. However, in addition to the Accounting Officer's responsibilities, the Trust, at all levels of governance, is also responsible for preventing such loss of public funds. All Members, Directors and Governors must be aware of how the risk of fraud and irregularity may occur within the Trust and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified.
- 25.2** All instances of fraud or theft committed against the Trust, whether by employees, Members, Directors, Governors or third parties, above £5000 must be reported to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.
- 25.3** Further details can be found in the Trust's Anti-fraud and Corruption Policy.

26. EXTERNAL AUDITORS

- 26.1** The Board of Directors have appointed Kreston Reeves Accountants as their external auditors. A letter of engagement is in place which stipulates the services to be provided and the fees to be charged.
- 26.2** The external auditor will certify that the accounts present a true and fair view of the Trust's financial performance and position and produce audited accounts.

27. CENTRAL STAFF

- 27.1** The Trust staffing structure is approved annually by the Board of Directors.
- 27.2** In order that the Trust operates efficiently, and effectively central staff appointments are made for positions where post holders will work across all the schools. As the Trust continues to grow further central staff will be required. These are outlined in the Trust Business Plan and the Finance and Staffing Committee is responsible for agreeing when additional central staff may be appointed.
- 27.3** As the Trust does not have its own income, all associated costs of employing central staff is made in the form of monthly contributions from all schools within the Trust. The formula for calculating the required contributions will be reviewed annually by the Finance and Staffing Committee (with delegated responsibility from the Board of Directors); or upon agreement of additional appointment to the central team.
- 27.4** Contributions to the central services cost will be made on a monthly basis, in advance, via an internal on-line bank transfer. An invoice will be raised for authorisation by the Headteacher.

28. CENTRAL SERVICES

Services to be provided

- 28.1** The Trust will provide and arrange a selection of central services for all schools within the Trust. These include, but are not limited to:
- Finance software licences and annual maintenance
 - Management Information software licences and annual maintenance
 - Schools Financial Services annual core package
 - Insurance
 - External and Internal Auditors
 - Legal retainer
 - Ground maintenance
 - IT support
 - TLT subscriptions (EG The Key, Leadership Matters)
 - Central software (EG e-learning, data assessment etc)
 - Professional consultancy (EG school improvement, HR)
 - Trust operational costs (EG room hire, refreshments, copying, website, postage etc)
 - Trust Board, Trust Committees and Members clerking
 - Director/Governor subscriptions
 - Corporate banking online fees
- 28.2** A detailed list of the services provided will be updated annually by the TBM and included in the Service Level Agreement (SLA).
- 28.3** The TBM and TFM are available to any school within the Trust at the request of the

CEO to provide aid for a particular project or general support with the business management of the school. The TBM and TFM will complete his or her duties to ensure that the business management of the Trust operates efficiently and effectively and that all deadlines are met in accordance with the current Academies Financial Handbook and other DfE regulations.

Fees for Central Services

- 28.4** Contributions to the central services fund will be made on a monthly basis, in advance, via an internal on-line bank transfer. An invoice will be raised for authorisation by the Headteacher.
- 28.5** The formula for calculating the required contributions will be reviewed annually by the Finance and Staffing Committee; or on confirmation from the ESFA that a new school will be joining the Trust. The Headteacher will be notified of any changes in advance and a revised SLA will be issued.
- 28.6** New services may be purchased mid-year with the collective agreement of all of the schools within the Trust. Invoices will be updated in the period following the introduction of the new service and the Headteacher notified of the revised cost.
- 28.7** The central services fund is not intended to make a profit and any proceeds remaining at year end will be carried forward and used to reduce the cost of the following year's fees.

Appendix 1: Bank Accounts

Potential in Everyone Academy Trust
Lloyds Bank PLC
125 High Street, Sittingbourne ME10 4BD
Sort Code 30-18-06
Account Number: 31477360

Potential in Everyone Academy Trust T/A Bredgar CE Primary School
Lloyds Bank PLC
125 High Street, Sittingbourne ME10 4BD
Sort Code 30-18-06
Account Number: 31478168

Potential in Everyone Academy Trust T/A Borden CE Primary School
Lloyds Bank PLC
125 High Street, Sittingbourne ME10 4BD
Sort Code 30-18-06
Account Number: 31479260

Potential in Everyone Academy Trust T/A Minterne Junior School
Lloyds Bank PLC
125 High Street, Sittingbourne ME10 4BD
Sort Code 30-18-06
Account Number: 31478860

Potential in Everyone Academy Trust T/A The Oaks Infant School
Lloyds Bank PLC
125 High Street, Sittingbourne ME10 4BD
Sort Code 30-18-06
Account Number: 31480368

Potential in Everyone Academy Trust T/A Minterne Junior School Voluntary Fund
Lloyds Bank PLC
125 High Street, Sittingbourne ME10 4BD
Sort Code 30-18-06
Account Number: 31572460

Potential in Everyone Academy Trust T/A The Oaks Infant School Voluntary Fund
Lloyds Bank PLC
125 High Street, Sittingbourne ME10 4BD
Sort Code 30-18-06
Account Number: 31572868

Appendix 2: Scheme of Financial Delegation

Procurement of goods and services

Order Value	Authorisation level	Details of approval process and documentation
0-£250	Budget holder	All staff are expected to adhere to the principles of probity, accountability and fairness to achieve value for money on all purchases.
£251 to £1000	Headteacher / Deputy Head / Senior Teacher	Headteacher will only sign the Purchase Order once they are satisfied that three prices have been sought (e.g. from catalogues, website comparisons, price lists etc) and the purchase represents best value
£1001 to £5000	Headteacher	Three prices must be obtained in writing and the Headteacher will sign to confirm that the selected supplier represents best value. The quotes obtained are to be retained, copies provided to TFM for checking and attached to the invoice when this is paid. The three quotes must be attached to the invoice and the Headteacher sign and date the one which offers best value for money. (TBM or TFM for central purchases).
£5001 to £50000	Chief Executive, Trust Business Manager and/or Trust Finance Manager (Two Person Authorisation)	Three prices must be obtained in writing and sent to the TBM with an explanation of how best value is being achieved where the proposed supplier is not the cheapest quote. The three quotes must be attached to the invoice and the Headteacher sign and date the one which offers best value for money. (TBM or TFM for central purchases).
£50000+	Finance and Staffing Committee and Chief Executive Officer and/or Trust Business Manager (Two Person Authorisation)	Formal tendering procedures must be followed. This will be overseen by the TBM who will arrange for the appropriate level of authorisation during the process, in line with the Tendering Procedures within the Finance Policy. The Finance and Staffing Committee to be advised immediately and decisions formally minuted at next available meeting.

Authorising orders for goods and services

Budget Holder	Limit/Restriction
Finance and Staffing Committee	£50001 – OJEU
Chair of Finance and Staffing Committee, Chief Executive Officer and Trust Business Manager	£30001 – £50000
Chief Executive Officer	£1–£30000
Trust Business Manager	£1–£30000
Trust Finance Manager	£1–£30000
Headteacher	£1–£5000
Deputy/Senior Teacher	£1–£1000
Orders £5000+ to £30000 requires authorisation from any two of Chief Executive Officer, Trust Business Manager and Trust Finance Manager	
Any contractual agreement/lease requires authorisation from both the Chief Executive Officer and the Trust Business Manager	
Any lease agreement of more than one year requires authorisation from the Chief Executive Officer, Trust Business Manager and Chair Finance and Staffing Committee	

Authorising Online Banking Payment for Goods and Services

Budget Holder	Limit/Restriction
Two of Chief Executive Officer, Trust Business Manager and Trust Finance Manager (two-person approval)	£0-£unlimited
Headteacher plus one of the above (two-person approval)	£0-£5000
Deputy/Senior Teacher plus Headteacher or one of the above (two-person approval)	£0 -£1000

Authoring Payroll Transfers

School	Limit
Bredgar	£41600
Borden	£43700
Minterne	£127200
Oaks	£107900
Total per month	£320400
Any two of the Chief Executive Officer, Trust Business Manager and Trust Finance Manager are authorised to transfer money internally between the Trust accounts up to the stated limits for payroll each month. The third administers the payments	

Bank Accounts – Potential in Everyone Academy Trust

Position	Authority
Chief Executive Officer	Cheque Signatory - one of two to sign
Trust Business Manager	Cheque Signatory - one of two to sign
Trust Finance Manager	Cheque Signatory - one of two to sign
Trust Administrator	Cheque Signatory - one of two to sign

Bank Accounts – Individual schools within the Trust

Position	Authority
Chief Executive Officer	Cheque Signatory - one of two to sign
Trust Business Manager	Cheque Signatory - one of two to sign
Trust Finance Manager	Cheque Signatory - one of two to sign
Headteacher	Cheque Signatory - one of two to sign
Deputy Head/Senior Teacher	Cheque Signatory - one of two to sign
Office Managers	Cheque Signatory - one of two to sign

Online Banking – Potential in Everyone Academy Trust

Position	Authority
Chief Executive Officer	Authorised signatory
Trust Business Manager	Administrator and authorised signatory
Trust Finance Manager	Administrator and authorised signatory
Trust Administrator	Administrator and administers payments

Online Banking – Individual schools within the Trust

Position	Authority
Chief Executive Officer	Authorised signatory
Trust Business Manager	Administrator and authorised signatory
Trust Finance Manager	Administrator and authorised signatory
Headteacher	Authorised signatory
Deputy Head/Senior Teacher	Authorised signatory
Office Managers	Administers payments

Financial Management System (FMS)

Position	Limit/Restriction
Trust Business Manager	System Administrator
Trust Finance Manager	System Administrator
Office Managers	System user – Enter and Authorise
Admin Assistants	System user – Enter and Authorise

Certification of Personnel/Payroll documents

Position	Limit/Restriction
Chair of Trust Board	Authorises variations to Chief Executive Officer salary
Chief Executive Officer	Authorised signature for all payroll forms except own. Authorises monthly payroll related forms/reports for central team

Trust Business Manager	Authorised signature for all payroll forms. Authorises all appointment & leaver forms and variations to contracts within agreed central staffing structure except own and the CEO.
Trust Finance Manager	Authorised signature for all payroll forms except own and the Trust Leadership Team
Headteacher	For own school: Authorises all appointment & leaver forms and variations to contracts within agreed staffing structure except own. Authorises monthly payroll related forms/reports

Authorisation to write-off bad debts

Position	Limit/ Restriction
Chief Executive Officer	£1-£500
Finance and Staffing Committee	£501-£5000 (and refer to debt collecting agency)
Board of Directors	£5001-AFH limit
Secretary of State	See section 3.4 of AFH

Disposal of Assets

Position	Limit/ Restriction
Chief Executive Officer	£1-£1000
Finance and Staffing Committee	£1001-£5000 (and refer to debt collecting agency)
Board of Directors	£5001-AFH limit
Secretary of State	See section 3.4 of AFH

Completion of VAT returns

Position	Limit/ Restriction
Trust Finance Manager	Produce the VAT 126 report and submit to TBM for approval. Responsible for submitting trust claim to HMRC
Trust Business Manager	Approval of VAT returns

Opening of Tenders

Position	Limit/ Restriction
Chief Executive Officer	N/A
Trust Business Manager	N/A

Evaluation of Tenders – for decision making at appropriate delegated levels

Position	Limit/ Restriction
Chief Executive Officer	N/A
Trust Business Manager	N/A
In some instances, it will be necessary to involve an appropriate member of staff. i.e. Premises, Kitchen, or Network Manager to ensure the evaluation process considers the view of the immediate service area.	

Corporate Business Card Holders/Limits

Card Holder	Limit	School	Trust
Chief Executive Officer	£3000		√
Trust Finance Manager	£3000		√
Trust Business Manager	£1000		√
Headteachers	£1000	√	
Trust Administrator	£1000		√
Trust PA	£1000		√
Office Managers	£1000	√	
Year Group Leaders	£1000	√	
Site Manager/Caretakers	£1000	√	
Breakfast/After School Club Assistant(s)	£1000	√	

Capital De Minimus Limits

Any one item over £1000
Any cumulative items over £3000

Capital Depreciation

Type of Asset	Depreciation Term
Computer equipment and software (new or from acquisition date)	3 years (33%)
Inherited buildings	Remaining term of lease (not exceeding 50 years)
Furniture	5 years (20%)
Plant	10 years (10%)
Future buildings	50 years

Appendix 3: Monthly/Ad Hoc Tasks

During the month:

Date Completed

- ESFA - Monthly GAG entered
- KCC - Monthly advance entered
- Check payroll report against overtime & investigate discrepancies
- Salary spreadsheet reconciled to payroll report
- Salary breakdown entered onto monitoring template
- Salaries entered onto FMS
- VAT reimbursement entered separately
- VAT ledger codes reconciled
- Process direct debits on FMS
- Reconcile credit card statement & enter on FMS
- Ensure all DDs posted to FMS

First working day of the month:

- View VAT full report (check 20p tolerance)
- Export VAT full report and save as excel spreadsheet
- View VAT 126 Report and print pre-view
- Complete any missing VAT numbers and update FMS
- Re-print the VAT 126 pre-view and export to excel (Don't print)
- Confirm VAT 126 submittal and print (Confirm print)
- Print VAT submittal for the period
- Close the period

On receipt of the bank statement:

- Reconcile bank statement
- Review unreconciled receipts/payments - how long & why?
- Complete manual reconciliation report
- Print Income & Expenditure report - file
- Export CEA and save to monitoring template
- Complete monitoring and present to CEO

As Required/Ad hoc

- Invoice income - Generate invoices due, e.g. lettings
- Process income on FMS
- Prepare ESFA returns
- Complete ESFA uploads
- Prepare budget forecasts
- Closedown previous years' budget
- Regular health checks on FMS
