



# **Financial Procedures Manual**

## **September 2024**

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## INTRODUCTION

The purpose of this manual is to ensure the Trust maintains and develops systems of financial control which conform to the requirements both of propriety and regularity. It is essential these systems operate properly to meet the requirements of our funding agreement with the Education Secretary.

The Trust is required to comply with the principles of financial control outlined in the guidance published in the ESFA Academy Trust Handbook. Furthermore, the Trust must be able to show that public funds have been used as intended by Parliament. This manual expands on that and provides detailed information on the Trust's accounting procedures. The manual should be read by all staff involved with financial systems.

## RESPONSIBILITIES

### The Scheme of Delegation

The Scheme of Delegation is a separate key document defining how accountability and decision-making works within the Trust. As a document, the Scheme of Delegation is a simple and systematic way of ensuring Members, Trustees, Board Committees, Academy Committees and Executive Leaders are clear about their roles and responsibilities within the governance structure.

The Scheme of Delegation therefore explains the role of:

- Members.
- Trustees.
- Trust Board Committees.
- Academy Committees (Local Advisory Boards).
- The CEO.
- Headteachers.

The Trust has defined the responsibilities of each person involved in the administration of Trust finances to ensure segregation of duties, avoid the duplication or omission of functions and to provide a framework of accountability for trustees and staff.

The Board of Trustees has identified the skills and experience it needs, including sufficient financial knowledge to hold the executive to account. They have also addressed this for Trust Board Committees and Academy Committees.

### The seven principles of public life

The Trust is committed to the 'seven principles of public life' and the ESFA has emphasised that Accounting Officers must adhere to these. The role of the Accounting Officer is explained below.

These are:

- Selflessness. Holders of public office should act solely in terms of the public interest.
- Integrity. Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work.

They should not act or take decisions to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

- **Objectivity.** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability.** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness.** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty.** Holders of public office should be truthful.
- **Leadership.** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## **Definitions**

### *Members'*

Members are guardians of the governance of the Trust and must ensure it carries out its charitable objectives.

Members:

- May amend the articles of association subject to any restrictions created by the funding agreement with the Education Secretary or charity law.
- May, in certain circumstances, appoint new members or remove existing members.
- Have powers to appoint and remove trustees in certain circumstances.
- May, by special resolution, issue direction to the trustees to take a specific action.
- Appoint the Trust's auditors and receive the audited annual accounts (subject to the Companies Act).
- Have the power to change the company's name and, ultimately, wind it up.
- An academy trust must have at least three members, although the DfE's strong preference is that trusts should have at least five members.

Members must not be employees of the Trust, nor occupy staff establishment roles on an unpaid voluntary basis.

The Trust must ensure that the members are not subject to a direction made under section 128 of the Education and Skills Act 2008 which prohibits individuals from taking part in academy trust management. Also, they may not appoint as a member anyone who is currently subject to a section 128 direction.

The DfE's strong preference is that a majority of members should not also be trustees.

As responsibility to conduct the Trust's business sits with the Trustees, Members should be 'eyes on and hands off' and avoid compromising the Board of Trustees' discretion.

It is important for members to be kept informed about trust business so they can be assured that the board is exercising effective governance. This must include providing the Members with the Trust's audited annual report and accounts.

### *Trustees*

The Trustees are both charity trustees and company directors. They are legally accountable for all the statutory functions and the performance of all the schools within the Trust

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

The Trustees must ensure regularity and propriety in the use of the Trust's funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The Trustees must also take ownership of the Trust's financial sustainability and its ability to operate as a going concern.

The Trustees must appoint an Audit and Risk Committee (either a dedicated committee or combined with another committee) to advise on the adequacy of financial and other controls, to set up risk management arrangements, to direct a programme of internal scrutiny and to monitor the quality of external audits.

### *Directions by the Education Secretary*

Subject to the provisions in the Academy Trust's funding agreement, the Education Secretary can require the Academy Trust to remove a member or trustee. The Education Secretary can also make directions under section 128 of the Education and Skills Act 2008 prohibiting individuals from taking part in academy trust management. This could prevent an individual from acting as a member, trustee or executive leader of the trust.

The ESFA may also refer academy trusts to the Charity Commission if they are concerned about non-compliance with legal or regulatory requirements or misconduct or mismanagement in the administration of the academy trust. The Charity Commission may use its regulatory powers as described in its memorandum of understanding with the DfE.

The ESFA may refer academy trustees, as directors, to the insolvency service that may consider whether the conduct of a director is such that they are unfit to be involved in the management of a company and whether it would be in the public interest for a disqualification order to be sought.

### **Proper and regular use of public funds**

The Trust must ensure that:

- Spending of funds has been for the purpose for which the funds were given.
- No Member, Trustee, member of a Local Advisory Board, employee or related party has benefited personally from the use of Trust funds.
- All relevant individuals have completed the register of business interests and there are measures in place to manage any conflicts of interest.

- There are no payments to any Trustee unless such payment is permitted by the articles of association and, where applicable, comply with the terms of any relevant agreement entered into with the Education Secretary.
- The senior officers' payroll arrangements fully meet their tax obligations and comply with the Treasury's directions regarding the employment and contract arrangements of individuals on the avoidance of tax.
- There is probity in the use of public funds.
- A competitive tendering policy is in place and applied.
- There is no disposal of publicly funded assets without the Education Secretary's consent, where such consent is required.

### **Management of risk**

The Trust must manage risks to ensure its effective operation and must maintain a risk register:

- Overall responsibility for risk management, including ultimate oversight of the risk register, must be retained by the Board of Trustees, drawing on advice provided to it by the Audit and Risk Committee.
- Other committees may also input into the management of risk at the discretion of the board.
- Aside from any review by individual committees, the board itself must review the risk register at least annually.
- Risk management covers the full operations and activities of the Trust, not only financial risks.

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

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

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

Risk management arrangements are monitored by the Audit and Risk Committee and reported to the Board of Trustees at least annually and more frequently if the Trust's activities change.

### *The Board of Trustees*

The members of the Board of Trustees are charity trustees and company directors.

- The academy trust board provides:



- Strategic leadership of the academy trust.
- Accountability and assurance.
- Engagement through strategic oversight of relationships with stakeholders.

As charity trustees they are required to:

- Ensure compliance with legal obligations, the terms of the funding agreement and the ESFA Academy Trust Handbook.
- Safeguard the Trust's resources and assets, and ensure they are effectively managed.
- Report on the Trust's activities.
- Fulfil the charitable object of the charity as set out in the articles of association.
- Comply with the rules of the charity as set out in the articles of association.
- Ensure regularity, propriety and value for money.
- Act with integrity and avoid any personal conflicts of interest.
- Not to misuse charity funds or assets.
- Act prudently in the financial management of the charity, avoiding putting the assets, funds or reputation of the charity at risk.
- Exercise reasonable care and skill, using personal knowledge and experience to ensure the charity is well run and efficient.
- Act responsibly, obtaining advice from others, including professional advisers, where appropriate.
- Ensure regularity and propriety in the use of the Trust's funds and achieve economy, efficiency and effectiveness – the three key elements of value for money.

As company directors, they are required to:

- Act within their powers.
- Promote the success of the company.
- Exercise independent judgment.
- Exercise reasonable care, skill and diligence.
- Avoid conflicts of interest.
- Not accept benefits from third parties.
- Declare any interests in proposed transactions or arrangements.

The specific tasks of the Board of Trustees are to:

- Appoint a CEO for the Trust who will also hold the position of Accounting Officer.
- Appoint the Trust's Chief Financial Officer.
- Meet at least three times a year to discharge its responsibilities as defined in the ESFA Academy Trust Handbook.
- Approve the Trust's development plan and minute their approval.
- Approve the Trust's budget and minute their approval.
- Submit the budget to the ESFA in the form they require by the specified date.
- Notify the ESFA of significant changes to the budget.
- Comply with the ESFA's requirement to obtain its permission before entering into certain transactions.
- Manage the Trust's tax affairs in accordance with legislation and avoid any penalties.
- Ensure the financial health of the Trust and have in place:
  - Sound internal control procedures.
  - Risk management procedures.
  - Adequate insurance cover.
  - A business continuity plan.
  - Arrangements for reviewing and approving the Trust's establishment number, determining conditions of employment and levels of payment and progression for employees.
- Approve the Trust's written scheme of delegation.
- Approve the Trust's accounting policies.
- Maintain proper accounts.
- Prepare annual financial statements.
- Appoint a Registered Auditor, avoiding conflicts of interest.
- Ensure compliance with the ESFA Academy Trust Handbook, the funding agreement, the Trust's articles of association and other relevant legislation.
- Declare any pecuniary interests.
- Refuse benefits from third parties.
- Publish a governance statement within its annual financial statements.

- Carry out an annual review of the governance structure, including the range of skills available to the Board of Trustees.
- Ensure that financial plans are prepared and monitored, satisfying itself that the Trust remains a going concern and financially sustainable.
- Take a longer term view of the Trust's financial plans consistent with the requirement to submit three-year budget forecasts to the ESFA.
- As part of its management of the Trust's funds, explain its policy for holding reserves in its annual report. Information on how the Trust must report on reserves is set out in the Academies Accounts Direction.

#### *Frequency of board meetings*

The Board of Trustees is aware that the ESFA recommends that medium-size and larger trusts, and any undergoing a period of change, consider more frequent board meetings than are required under their articles and complies with this requirement. The Board identifies the actions it needs to accomplish during the year and this governs the frequency of meetings.

- The Board of Trustees and its Committees meet regularly enough to discharge their responsibilities under the Articles of Association, funding agreement and the ESFA Academy Trust Handbook, to ensure robust governance and effective financial management arrangements.
- Board meetings take place at least three times a year and business is only conducted when quorate.

#### *Governance professional to the board*

The Trust has appointed a governance professional to support the Board of Trustees who is someone other than a trustee, the principal or the chief executive of the trust. The governance professional helps the efficient functioning of the board by providing:

- Guidance to ensure the Board of Trustees works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance.
- Advice on procedural matters relating to operation of the Board of Trustees.
- Administrative and organisational support.

#### **Resource Committee**

The Board of Trustees has established a Resource Committee, which meets once a term, or more frequently if necessary. This Committee is responsible for monitoring and making recommendations to the Board of Trustees on matters related to finance. The Board of Trustees has:

- Defined its terms of reference.
- Prescribed the extent of its delegated authority.
- Ensured it receives minutes of the Committee's meetings.

The Board of Trustees reviews the Resource Committee's remit and membership annually.

### **Audit and Risk Committee**

The Audit and Risk Committee is responsible for providing assurance to the Board of Trustees that risks are being adequately identified and managed by:

- Reviewing the risks to the Trust.
- Agreeing a programme of work to address, and provide assurance on, those risks.

Members of the Committee do not include staff employed within the Trust. However, they may attend for the purposes of reporting and discussion. The Accounting Officer and Chief Financial Officer are routinely in attendance.

### **Financial role of the Executive CEO (Accounting Officer)**

The Accounting Officer is personally responsible to Parliament, and to the Accounting Officer of the ESFA, for the resources under their control, and must be able to assure Parliament and the public of high standards of probity in the management of public funds.

The Trust's designated Accounting Officer is the Chief Executive Officer (CEO).

The essence of the role is:

- Assuring the Board of Trustees of compliance with the requirements of the ESFA Academy Trust Handbook and the funding agreement.
- Personal responsibility for the regularity, propriety and value for money in the use of the Trust's funds.
  - Regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and the ESFA's Academy Trust Handbook, and compliance with the Trust's internal procedures. This includes spending public money for the purposes intended by Parliament.
  - Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance.
  - Value for money (VFM) – this is about achieving the best possible educational and wider societal outcomes, within the Trust's objects, through the economic, efficient and effective use of resources, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve VFM not only for the Trust but for taxpayers generally.

This role does not remove the responsibilities of the Board of Trustees as defined within the ESFA Academy Trust Handbook and in the Trust's Financial Procedures Manual.

The Accounting Officer completes and signs a statement on regularity, propriety and compliance each year and submits this to the ESFA with the audited accounts. The Accounting Officer also demonstrates how the Trust has secured value for money in the governance statement in the audited accounts.

The ESFA's accounting officer sends letters to all trust accounting officers, setting out their key responsibilities and highlighting any changes. The principal shares these letters with the Trustees, Finance and Operations Director and other members of the senior leadership team.

While the Trust's Accounting Officer is accountable for the Trust's financial affairs, for keeping proper financial records, and for the management of opportunities and risks, the delivery of the Trust's detailed accounting processes is delegated to the Finance and Operations Director who carries out the role of the Chief Financial Officer as defined in the ESFA Academy Trust Handbook.

The Accounting Officer is required to advise the Board of Trustees in writing if, at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the articles of association, funding agreement or the ESFA Academy Trust Handbook. Similarly, the Accounting Officer is required to advise the Board of Trustees in writing if they appear to be failing to act where required to do so by the terms and conditions of the articles of association, funding agreement or the ESFA Academy Trust Handbook.

Where the Board of Trustees is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer must consider the reasons the Board of Trustees gives for its decision. If, after considering the reasons given by the Board of Trustees, the Accounting Officer still considers that the action proposed is in breach of the articles of association, funding agreement or the ESFA Academy Trust Handbook, the Accounting Officer must advise the ESFA's Accounting Officer of the position immediately in writing.

### **The Role of the Finance and Operations Director (Chief Financial Officer – CFO)**

The Finance and Operations Director has both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.

The Finance and Operations Director is responsible for the following:

- The day-to-day management of financial issues.
- The management of the Trust's financial position.
- The maintenance of effective systems of internal control.
- The preparation of the annual accounts for the Trust.
- Providing financial advice to the Board of Trustees, CEO, Headteachers and Principals.

### **REGISTER OF BUSINESS INTERESTS POLICY**

The Members, Trustees, members of Local Advisory Boards and members of staff who can influence buying decisions recognise their responsibility to avoid any conflict between their business and personal interests and those of the Trust.

The Trust therefore maintains a register of any relevant business and financial interests, including governance roles in other educational institutions, of each Member, Trustee, member of a Local Advisory Board and senior employee who have served at any point over the last 12 months.

The register includes:

- Directorships, partnerships and employments with businesses.
- Interests in the appointment, salary, promotion or conditions of service of members of staff.

- Trusteeships and governorships of other educational institutions and charities.
- For each interest: the name of the business, the nature of the interest and the date the interest began.

The register identifies relevant interests from close family relationships between the Trust's Members, Trustees and members of Local Advisory Boards. It also identifies relevant interests arising from close family relationships between those individuals and employees.

The information in the register is taken into account whenever buying or staffing decisions are made. Any Trustee, member of a Local Advisory Board or member of staff, who has an interest in a business tendering for a contract, does not form part of the Committee awarding the contract. Any Trustee, member of a Local Advisory Board or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the Committee recommending or deciding these.

Members, Trustees, members of Local Advisory Boards and members of staff are required to inform the Trust of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate. Any Member, Trustee, member of a Local Advisory Board or member of staff who is unwilling to declare their interests or complete a nil return is not permitted to influence a buying or staffing decision.

#### **Receipt of gifts, hospitality, entertainment and other services**

The Trust does not accept any gifts, awards, prizes or any other benefit which might be seen to compromise its personal judgment or integrity. All Members, Trustees, members of Local Advisory Boards and members of staff have been made aware of this.

The Trust maintains a register of gifts and favours offered and whether these were accepted or rejected. Members, Trustees, members of Local Advisory Boards and members of staff are required to inform the Trust of such offers as they arise.

#### **Expenditure on hospitality**

Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches. No alcohol can be purchased from public funds. Modest hospitality is occasionally provided outside the workplace if related to a meeting to discuss Trust improvement.

#### **Private use**

The Trust does not obtain goods or services for the private use of Members, Trustees, members of Local Advisory Boards and members of staff. They may not:

- Hold any interest in any equipment or property held or used for the Trust.
- Acquire any interest in the disposal of Trust equipment or property at the end of any contract between the Trust and any third party.

#### **Related parties**

- The Board of Trustees ensures that the requirements for managing related party transactions are known to all relevant individuals and are applied in practice.
- The Chair of the Board of Trustees and the Accounting Officer ensure that their capacity to control and influence does not conflict with these requirements. They manage

personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the 'seven principles of public life'.

- The Trust recognises that some relationships with related parties may attract greater public scrutiny, such as:
  - Transactions with individuals in a position of control and influence, including the Chair of the Board of Trustees and Accounting Officer.
  - Payments to commercial organisations which have a profit motive, as opposed to those in the voluntary sector.
  - Relationships with external Auditors that go beyond their duty to deliver a statutory audit.
- The Trust maintains sufficient records, and makes sufficient disclosures in their annual accounts, to evidence that transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.
- The Trust publishes on its website relevant business and pecuniary interests of Members, Trustees, members of Local Advisory Bodies and the Accounting Officer, including a nil return where appropriate.

#### *Transactions with related parties*

The Trust is even handed in their relationships with related parties by ensuring that:

- Members, Trustees, members of Local Advisory Boards and senior employees are required to avoid conflicts of interest, not to accept benefits from third parties, and to declare interests in proposed transactions or arrangements.
- All Members, Trustees, members of Local Advisory Boards and senior employees complete the register of business interests.
- No Member, Trustee, member of a Local Advisory Board, employee or related individual or organisation may use their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.
- There are no payments to any Trustee by the Trust unless such payments are permitted by the articles of association, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered with the Education Secretary. The Trust considers these obligations where payments are made to other business entities that employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest.
- The Charity Commission's prior approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a trustee.
- Any payment provided to related parties must satisfy the 'at cost' requirements in the Academy Trust Handbook which lists those persons considered for this purpose.

*ESFA prior approval of related party transactions*

The Trust must report all contracts and other agreements with related parties to the ESFA in advance of the contract or agreement starting or being renewed using the ESFA's online form.

The Trust must obtain the ESFA's prior approval, using their online form, for contracts and other agreements for the supply of goods or services to the Trust by a related party agreed on or after 1 September 2023 where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August.

The approval requirement does not apply in the following circumstances:

- Contracts and other agreements for the supply of goods or services to a trust by the following educational establishments:
  - Colleges, universities and schools who are sponsors of the academy trust.
  - State funded schools and colleges, including academy trusts.
  - This concession does not apply to transactions with a subsidiary of such a related party.

For the purposes of reporting to, and approval by, the ESFA, contracts and agreements with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

*Transactions with related parties that are novel, contentious and/or repercussive*

The Trust must seek the ESFA's prior approval for transactions with related parties that are novel, contentious and/or repercussive.

- Novel payments or other transactions are those of which the Trust has no experience or are outside the range of normal business activity for the Trust.
- Contentious transactions are those which might give rise to criticism of the Trust by Parliament and/or the public and/or the media.
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and therefore have wider financial implications.

**Setting executive pay**

The Board of Trustees must ensure that its decisions about levels of executive pay (including salary and any other benefits) follows a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual may be involved in deciding their remuneration.

**INTERNAL SCRUTINY**

The Audit and Risk Committee must:

- Oversee and approve the Trust's programme of internal scrutiny.
- Ensure that risks are being addressed appropriately.
- Report to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.



Employees of the Trust should not be Audit and Risk Committee members, but the Accounting Officer and Chief Financial Officer should attend to provide information and participate in discussions.

The Chair of Trustees should not be chair of the Audit and Risk Committee. Where the Finance Committee and Audit and Risk Committee are separate, the chair should not be the same.

The Committee must:

- Have written terms of reference.
- Agree a programme of work annually to deliver internal scrutiny that provides coverage across the year, agree who will perform the work and consider their reports and the Trust's progress in addressing recommendations.
- Review the ratings and responses on the risk register to inform the programme of work.
- Have access to the external Auditor, as well as the internal scrutineer.

The Trust submits an annual summary report of the areas reviewed, key findings, recommendations and conclusions to the ESFA by 31 December each year, when it submits its audited annual accounts.

## **AUDIT**

### **Audit and Risk Committee reviews**

Specifically the Audit and Risk Committee must:

- Review the external Auditor's plan each year.
- Review the annual report and accounts.
- Review the Auditor's findings and actions taken by the Trust's managers in response to those findings.
- Assess the effectiveness and resources of the external Auditor to provide a basis for decisions by the Trust's Members about the Auditor's reappointment or dismissal or retendering. Considerations may include:
  - The Auditor's sector expertise.
  - Their understanding of the Trust and its activities.
  - Whether the audit process allows issues to be raised on a timely basis at the appropriate level.
  - The quality of auditor comments and recommendations in relation to key areas.
  - The personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the Trust's managers.
  - The Auditor's use of technology.

- Report the committee's conclusions annually to the Board of Trustees and Members, including recommendations on the reappointment or dismissal or retendering of the external Auditor, and their remuneration.
- The appointment of external auditors is carried out annually and the renewal of engagement is at the discretion of the Board of Trustees. Formal reassessment is carried out every five years through a process of competitive tendering.

## **INSURANCE**

Funds for insurance are delegated to the Trust and it must demonstrate it can cover insurable interests under a policy arranged by the Board of Trustees.

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

The main types of insurance cover which are in place are:

- Premises and contents. These should be insured at replacement cost against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks.
- Business interruption.
- Board of Trustees and employer liability. The currently recommended minimum level of cover for Trusts is £10m for each.
- Any statutory motor transport insurance.
- Loss of assets through fraud or dishonesty on the part of employees.
- Personal accident.
- Fidelity insurance.

Details of all insurance policies held by the Trust are kept in the office of the Trust Facilities Manager.

The insurers are notified of all new risks, property and equipment and vehicles which require insurance or any other alteration affecting existing insurance on a timely basis.

The Trust does not give any indemnity to a third party without the written consent of their insurers.

The Trust immediately informs its insurers of all accidents, losses and other incidents, which may give rise to an insurance claim.

Claims under an insurance policy are authorised by the Trust Facilities Manager prior to submission to the insurance company.

Any member of staff using their car for Trust purposes amends their personal insurance for this. The Trust maintains a register of official users. This is signed by the users to acknowledge that the insurance cover provision has been made.

## **TAXATION**

The Trust abides by the procedures issued by HMRC (Her Majesty's Revenue & Customs) in connection with VAT.

The Trust ensures that all employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance on this matter regarding the employment and contract arrangements of individuals on the avoidance of tax, as set out in the Treasury's Review of the Tax Arrangements of Public Sector Appointees.

The Trust keeps potential 'trading' activities under review and considers whether to set up a subsidiary trading company.

The Trust must approach the ESFA to seek approval in the planning stage for the following transactions:

- Entering into a new electric vehicle salary sacrifice scheme.
- Accepting any further employees onto an existing electric vehicle salary sacrifice scheme.

## **TRUST IMPROVEMENT PLAN AND BUDGETING**

### **Budgeting**

The board takes an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for their pupils and delivering the Trust's educational priorities with the funding they have available.

The Trust has a long-term strategic plan, which explains how it intends to use its resources to achieve its aims and objectives. The plan is costed for three years.

The plan is reviewed on an annual basis and updated in the light of new information and changed priorities.

The annual budget is derived from the strategic plan.

The Board of Trustees approves the final budget for submission to the ESFA.

The Trust submits the final agreed budget, together with the assumptions underpinning the budget, to the ESFA by the specified deadline.

The budget can only be amended for virements after it has been approved by the Board of Trustees and sent to the ESFA.

Budget Holders cannot exceed their budget allocation, unless they have the written approval of the CEO.

The Resource Committee formally monitors the implementation of the Trust's budget on behalf of the Board of Trustees.

## **CAPITAL PROJECTS**

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

## **CASH FLOW**

The Finance and Operations Director is responsible for reviewing the Trust's cash flow requirements to ensure that the Trust has sufficient funds available to pay for day-to-day operations.

If significant balances are foreseen, steps are taken to invest the extra funds.

## **COMPUTERISED ACCOUNTING SYSTEM**

The Trust has a disaster recovery plan in the event of loss of accounting facilities or financial data.

The Trust's accounting system is computerised. Access to the system is restricted to the Trust's employees and those authorised by the Finance and Operations Director.

The system is accessed by passwords, which are changed routinely. Passwords are only known by the relevant member of staff and the System Manager.

Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user id and password.

Software is installed on the Trust's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected. There is also a facility for cleaning up infected files.

Three-monthly reviews are carried out to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the Trust is removed as soon as the member of staff leaves.

The Finance and Operations Director is responsible for the secure retention of all financial documents for the period required by the Companies Act and charity legislation. These documents may be requested by authorised external agencies at any time, for example the Trust's auditors or the ESFA.

The Finance and Operations Director makes arrangements with the IT Manager for the secure retention of electronic accounting records in accordance with the Trust's internal data security policy and management and retention of records policy.

### **Transaction processing**

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

### **Reconciliations**

The Finance and Operations Director is responsible for ensuring that the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account.
- Purchase ledger control account.
- Payroll control account.

- All suspense accounts.
- Bank balance per the nominal ledger to the bank statement.

The Finance and Operations Director signs the bank reconciliations as evidence of review.

### **AUTHORISED SIGNATORIES LIST**

An authorised signatory list, including specimen signatures and covering all the key financial systems, is held in the Finance Office for reference purposes.

### **PAYROLL**

All appointments, terminations and salary levels are made in accordance with the Scheme of Delegation.

The Trust has established procedures to:

- Ensure personnel are competent, suitably qualified and trained to a level consistent with their responsibilities.
- Provide clear statements of criteria for personnel selection.
- Provide formal job descriptions.
- Ensure that the cost of all appointments, re-gradings and any other changes in conditions of service of staff can be met within the resources available to the Trust.

All appointments are confirmed by letter and further details are included in the employee's contract of employment. The HR team carry out the specified pre-employment checks.

The Director of Finance and Operations maintains a list of staff employed by the Trust and their current salaries, which has been authorised by the Board of Trustees.

The Trust uses the services of a payroll agent and the contract between the Trust and the agent includes:

- Responsibility for making returns to HMRC and the dates by which these returns should be made.
- Details of ownership of programs and data files.
- Responsibilities for the control and accuracy of data.
- Details of authorised signatories for payroll amendments.
- Back up provisions.
- A schedule of reports to be sent to the Trust for financial and personnel monitoring purposes.
- An agreement as to the response time and costs that will be charged for any additional data or reports required by the Trust.
- Provision for access for Trust Staff and Auditors.

The payroll agent processes the staff payroll only on the written instructions of the Finance and Operations Director. They do not process salary changes authorised by the person whose salary is changing.

The Chair of the Trust instructs the Director of Finance and Operations, in writing, to notify any changes to the CEO's salary to the payroll agent.

Payments are made as follows:

- Net payments to staff, by BACS, by the payroll agent.
- HMRC payments, by the payroll agent, to HMRC.
- Pension payments, arranged through the payroll agent.
- Overtime claims, as part of net payments to staff, through the payroll.

No individual is treated as 'self-employed' without the clearance of HMRC.

### **Additional payments**

Any additional payments to staff, for example overtime, must be claimed on an official claim form which must be completed in full, including the reason for the claim, and signed and dated by the claimant. The claim must be approved by the relevant Budget Holder. Payment is made through the monthly payroll.

### **Payment of expenses**

The Trust has an expenses policy which is reviewed by the Board of Trustees on an annual basis. The policy provides guidance about expenses which can be reimbursed to Members, Trustees, directors, members of Local Advisory Boards and members of staff.

### **Monthly procedures**

- The designated employee of the Trust:
  - Completes standing data amendment forms and summarises overtime worked.
  - Ensures that overtime have been validly incurred and appropriately authorised. Claims are not returned to claimants after this check has been carried out.
- The Finance and Operations Director ensures these checks have been carried out and authorises the information to be sent to the payroll agent.
- The designated employee of the Trust checks the payroll printout received from the payroll agent to ensure that it is only paying its own staff at the correct rates.
- The Finance and Operations Director then authorises the payroll agent in writing to make the salary payments.
- A monthly print-out of amounts paid to employees is retained by the Trust and initialled by the relevant members of staff as evidence of the checking and authorisation procedure.

### **Failure to the payroll system**

Monthly salary payments are transmitted via the payroll agent. The transmission to bank takes place at least three working days before the payment date. Therefore, the Trust should be aware of any difficulties at least three working days in advance, thus minimising risk.

The Trust's bank has been consulted regarding a possible failure to the payroll system or the usual method of transmission. In the event that pay details could not be transmitted to the bank via the usual system, the payroll database would be emailed directly to the bank and the content checked via telephone. The bank would arrange payments directly.

In the event of total IT failure at the Trust, payments would be discussed directly by telephone with the payroll agent.

### **PURCHASING**

The Board of Trustees makes its buying decisions in accordance with the principles of best value, probity and accountability. Contracts are placed on a competitive basis and the reasons for selecting a supplier are minuted. Divisible contracts are prohibited.

The health and safety competence of contractors is assessed.

#### **Approved suppliers**

The Finance Office maintains a database of approved regular suppliers.

The Finance Office selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account. Consortia are used where they provide value for money.

Suppliers are selected from:

- Business directories.
- Trade journals.
- Supplier catalogues and mail shots.
- Information from other Academy Trusts.
- Information provided by the ESFA.

The listing of approved suppliers is reviewed and approved on an ongoing basis by the Finance and Operations Director and on an annual basis by the Resource Committee.

#### **Tendering**

All purchases with a value of £75,000 or more are put out to formal tender. Where appropriate, the suppliers invited to tender are drawn from the approved list maintained by the Finance Office unless there is an imminent need regarding a safeguarding or health and safety issue.

Where there is an imminent need regarding a safeguarding or health and safety issue, the Board of Trustees recognises that a formal tender process may not be practical because of the time it would take.

As the education and safety of the students is paramount, the following process is followed:

- The Headteacher or Principal of the relevant academy informs the Finance and Operations Director who informs the CEO.
- The Finance and Operations Director sources a solution using a trusted supplier and confirms that the price is within the range expected.
- The Chair of the Trust, or Chair of the Trust Resource Committee if the Chair of the Trust is not available, authorises the purchase having confirmed that this procedure has been followed.
- The emergency purchase and the procedures followed are reported to the CEO and then to the Trust Board at their next meeting.

Where required by the conditions attached to a specific grant from the ESFA, the relevant body's approval is obtained before the acceptance of a tender.

In some instances, the Trust outsources the tendering process to specialists who carry out the tender process on the Trust's behalf.

In instances where the Trust does not outsource the tendering process, the following tendering procedures are followed:

The Budget Holder, working with the Procurement Manager, prepares a specification, which is authorised by the Director of Finance and Operations Principal and sent to a minimum of three suppliers.

- The invitations to tender include:
  - An introduction/background to the project.
  - The scope and objectives of the project.
  - Any technical requirements.
  - Implementation details for the project.
  - The terms and conditions of the tender.
  - The form and date of response to the Trust.

The use of brand names is avoided and, where appropriate, a European or British Standard or other quality guideline is sought. Reference is made to appropriate safety standards and fire and health and safety regulations.

- All replies are addressed to the Finance and Operations Director in a plain sealed envelope marked 'Tender'.
- The date of receipt of sealed tenders is recorded on the envelope.
- No supplier is allowed to amend their tender after the fixed date for receipt.
- All tenders are opened at the same time by the Director of Finance and Operations and the Head of Governance.



- The following information is recorded:
  - The date and time of opening.
  - The names and signatures of those present.
  - The value of each tender.
  - Details of suppliers who declined the invitation, or failed to submit a tender.
  - Any omissions in the submission, eg documents, signatures, missing data.
- Late tenders are rejected and retained unopened until the contract is awarded. They are then returned to the tenderer with an explanatory note.
- Where contracts under seal provide for payments to be made in instalments, the Director of Finance and Operations ensures a contract register is maintained which shows the state of the account on each contract together with related professional fees and other payments.
- The decisions to purchase works, supplies (goods) and services excluding leases (in budget) are made in accordance with the scheme of delegation.
- The decisions to agree a lease on contract (in budget) are made in accordance with the scheme of delegation.
- The reasons for accepting a particular tender are in accordance with the Trust's best value policy.
- The following points are considered when deciding which tender to accept – suppliers:
  - Qualifications, technical ability and experience.
  - Pre-sales demonstrations.
  - After sales service.
  - Quality procedures.
  - References from existing customers.
  - Financial status.
  - Professional indemnity insurance.
- The following points are considered when deciding which tender to accept – cost:
  - Overall price.
  - Unit price for parts of the product or service.
  - The possibility of 'hidden costs'.

- Scope for negotiation. In any negotiations, the Trust will not disadvantage other tenderers or compromise the original tender process. In all such cases, the reasons for negotiations are stated and reported to the Resource Committee.
- The contract awarded is signed by the person designated in the scheme of delegation.

### **Quotations**

Quotations are obtained as follows:

- Purchases up to £5,000 – catalogue price lists.
- Purchases of £5,001 to £74,999 – three written quotations.

The Trust keeps a record of suppliers who have been contacted but who have declined to provide a quotation.

### **Credit card**

The objectives of the credit card are:

- To allow Trust personnel access to efficient and alternative means of payment for approved expenses, especially expenses related to business travel and Trust supplies.
- To improve managerial reporting related to purchasing/charge card purchases.
- To improve efficiency and reduce costs of payables processing.
- To reduce the need for petty cash.

The policy:

- The operation and control of the Trust's purchasing cards, credit and debit cards are the responsibility of the Finance Office. They provide appropriate oversight of the distribution of such cards and associated card limits.
- Holders of cards must use them only for the purposes for which they have been issued and within authorised purchase limits.
- Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.
- Cards must not be loaned to another person, nor should they be used for personal or private purchases.
- Cardholders should obtain approval to purchase from the relevant Budget Holder and should ensure that there is sufficient budget available to meet the costs.
- The following purchases are expressly prohibited:
  - Controlled substances.
  - Alcohol.
  - Items or services on term contracts.
  - Personal items or loans.

- Any other items deemed inconsistent with the values of the Trust.
- Cash advances on purchasing/charge cards are not allowed under any circumstances. This includes the use of any form of cash withdrawal or cash back facility.

The procedures:

- Credit cards may be requested for prospective cardholders by written request (purchasing/debit card request form) to the Finance Office in the first instance. The decision to issue a card will be made in consultation with the Director of Finance and Operations.
- An individual Card Transaction Log must be completed on a monthly basis for each purchase and signed by the user and a purchase order duly signed by the Budget Holder prior to any purchases.
- Detailed VAT receipts must be retained and attached to the transaction log. In the case of meals and entertainment, each receipt must include the names of all persons involved in the purchase, and a brief description of the business purpose of the purchase.
- Monthly statements must be submitted to the Finance Office immediately on receipt of the statement to enable timely reconciliation and payment of amounts due.
- All Trust purchasing/debit cards shall be paid by direct debit monthly in full by the Trust so as not to incur interest charges.
- All card holders are responsible for promptly forwarding relevant paperwork associated with any transactions made through their accounts to the Finance Office who will check them against the monthly bank statement and enter the details into the Trust's financial system.
- All purchasing/debit cards will be held in the school safe and will be issued to card holders at their request as and when needed. The purchasing/charge card will be signed in and out and a record kept within the Finance Office.

### **Purchase orders**

Computerised, pre-numbered orders are used for all goods and services and all orders are placed through the Finance Office or in the case of IT equipment and software through the IT department.

Orders are only made by telephone in exceptional circumstances and then confirmed in writing. A copy of any spoiled order is retained on the computer and marked as such. Official Trust orders are not generated for the private use of individuals.

### **The ordering process**

- The Budget Holder raises and signs a requisition form stating the number of items and price of the order to be raised.
- The Budget Holder sends the requisition to the Finance Office who check that the Budget Holder has sufficient funds for the purchase.
- The designated member of staff in the Finance Office generates an official computer order.

- The Senior Finance Assistant signs the official order.
- The Finance Office distributes the copy orders as follows:
  - Top copy (official order) to the supplier.
  - The second copy is retained in the Finance Office.
- The computer records all orders placed that have not yet been invoiced.
- Cancelled orders are marked as such, with the reason for cancellation, and retained in the Finance Office.

The Senior Finance Assistant is able to sign official orders up to £500 (ex VAT). Orders over £500 must be authorised by the Finance and Operations Director.

### **Receipt of goods**

- All goods received are delivered to the Budget Holder who carries out a prima facie check to ensure that the delivery is complete.
- If the delivery is only partly fulfilling an order, the Budget Holder notifies the Finance Office which maintains a record of this.
- The Budget Holder and/or Finance Office follows up any shortages or defective items with the supplier.

### **Purchase invoices**

- The Finance Office records invoices on the computer as soon as they are received by the Trust.
- The Finance Office grid stamps the invoice and passes it to the Budget Holder for approval.
- The Finance Office checks the invoice against the order and authorised signatory list

### **Payment of invoices**

The Finance Office reviews the creditors' ledger regularly and selects invoices for payment.

It is the policy of the Trust to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the Trust's advantage.

Invoices are paid within the suppliers' credit terms unless they are disputed.

Payment is made when the Finance Office has made the following checks:

- The purchase is recorded on the purchase ledger.
- The purchase represents valid Trust expenditure.
- Goods or services were ordered using the Trust's ordering policy.
- Goods or services have been received and checked to the order and delivery note.
- Payment has not already been made.

- Prices agree with quotations, tenders, contracts or catalogue prices.
- The arithmetic on the invoice is correct.
- The invoice has been correctly coded.
- Discounts have been taken where applicable.
- VAT is properly accounted for and not claimed on pro-forma invoices.

The Finance Office completes the relevant sections of the grid stamp. The Senior Finance Assistant authorises payment, having ensured that the Budget Holder has signed the order and that all of the Trust's procedures have been followed.

### **Credit notes**

Credit notes are cross-referenced to the original invoice. Where a credit note is a contra credit for an invoice that has not been paid, the Senior Finance Assistant may sign in place of the Budget Holder.

### **Completeness of supplier balances**

Invoices and credit notes are posted to the computer as soon as the Trust receives them.

The Finance Office reconciles individual supplier balances to supplier statements, where available, on a monthly basis.

### **Virements and budget variances and out-of-budget spend**

Virements and budget variances and out-of-budget spends are authorised in accordance with the scheme of delegation.

### **Budget Holders**

Budget Holders are informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the Budget Holder to manage the budget and to ensure that the funds available are not overspent. A printout detailing actual expenditure against budget is supplied to each Budget Holder a week after the end of each month and Budget Holders are encouraged to keep their own records of orders placed but not paid for.

### **PETTY CASH**

In most instances the Trust discourages the use of petty cash by promoting the preferred procurement route. Petty cash is used for the purchase of minor items, which have been budgeted for. The petty cash float is maintained on the imprest system and the maximum balance is £150. The float is reimbursed from the main bank account. The petty cash tin is held in the safe.

Payments from petty cash are only made on production of a till receipt or other proof that payment has been made and cannot exceed £25 in value. Petty cash payments are subject to the same authorisation procedures as purchases from the main bank accounts. They are passed for payment by the Senior Finance Assistant. The person receiving reimbursement signs for the amount received.

The petty cash float is reconciled on a monthly basis by the designated member of staff in the Finance Office. The reconciliation is checked by the Senior Finance Assistant and initialled as

evidence of this review. The Finance and Operations Director carries out a surprise count of petty cash at least once a year.

In no circumstances are:

- Personal cheques cashed through petty cash.
- Staff loans paid through petty cash.

The Director of Finance and Operations may authorise cash advances in exceptional circumstances where a member of staff will incur expenditure on behalf of the Trust. The member of staff completes a form acknowledging receipt of the money. Receipts are retained by the member of staff and provided to the Finance Office immediately following return to the Trust.

## **INCOME**

The Board of Trustees has overall responsibility for ensuring that all income due to the Trust is properly accounted for. Day-to-day responsibility for this is delegated to the Finance and Operations Director. Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the Academy Accounts Direction.

Receipts are given for all amounts of non-grant income, including transfers between staff.

### **Controls over incoming funds**

#### *Provision of services*

The provision of services, such as private consultancy or other paid work or training outside of the employment contract with the Trust, is not permitted without the consent of the CEO in the case of members of staff and by the Chair of the Trust in the case of the CEO. Requests for approval must be submitted and authorised in writing. All fees receivable are invoiced by the Trust and paid in full into the Trust's bank account.

#### *Postal receipts*

All incoming cheques and cash are recorded immediately, and entries verified by someone other than the person who has made the entry.

#### *Fund-raising events*

Records are maintained for each fund-raising event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred.

For all events for which there is ticket income or gate money, reasonableness checks are carried out to ensure the takings equate to the number of tickets issued multiplied by the price per ticket.

Similar records are maintained for sponsored events.

#### *Donations and gifts*

The Director of Finance and Operations maintains a detailed record of all donations or gifts made to the Trust and ensures these are used in accordance with the purposes specified by the donors.

#### *The Gift Aid Scheme (if applicable)*

To ensure that the charity receives all the money to which it is entitled, the Finance and Operations Director:

- Makes regular checks against records to ensure that expected amounts have been received from the donor.
- Ensures that in the case of gift aid donations from individuals, the tax reclaimable has been obtained from HMRC.
- Is careful not to over claim tax repayments.

#### *Letting of Trust facilities*

All lettings are subject to a letting agreement, setting out the terms and conditions of the Trust letting, including the agreed charge.

The Board of Trustees, on the recommendation of the Resource Committee, approves letting rates. Free use and charges below economic cost are not permitted.

- All hiring of Trust equipment and facilities is recorded on the letting planner kept by the Facilities Manager and in a lettings diary.
- The lettings diary and the letting planner are reviewed by the Senior Finance Assistant on a monthly basis to ensure that all lettings have been invoiced.
- When a letting is booked the hirer completes a hire form.
- The Finance Office generates sales invoices from the computer.
- All monies are received at the end of each term.
- One member of the Finance Office collects the cash and banks all receipts intact.
- The Trust ensures that relevant insurance is in place for each letting.

#### *Trust trips*

Letters are sent to parents requesting payment for voluntary contributions.

All monies received for trips are paid to the Finance Office which collects the cash. The Finance Office is responsible for keeping adequate records of income and expenditure on a class list.

All receipts are banked intact.

The designated member of staff in the Finance Office prepares a final income and expenditure account for each trip which has taken place and reports these to the Director of Finance and Operations who ensures that money collected and expended for each trip is in accordance with the Trust's charging policy. Where a trip is overfunded by more than £5 per person the money is refunded accordingly.

#### *Bad debts*

The Trust chases all money due to it, which has not been paid within 30 days of an invoice being issued, by telephone and letter, depending on how much time has elapsed since the money was due to be paid.

Bad debts are only written off when the Trust has followed all possible procedures to ensure their recovery.

## CATERING INCOME

The objectives of the catering policy are:

- To achieve a cashless catering system at the Trust for years 1 to 13, and staff.
- To improve managerial reporting related to catering income.
- To reduce the need for cash to be held by students within school.

The policy:

- All new students and employees will be issued with a ParentPay username and password by the Trust IT department. They will be encouraged to use this system as the preferred method of payment for topping-up their lunch money account.
- Pay Point cards will be issued by the Trust (upon request only) to those parents who wish to top up their son/daughter's lunch money account in local establishments. The Trust will provide the first card free of charge; any subsequent cards will be charged to the parent at a cost of £3.00 plus VAT.
- Overdraft balances are allowed up to a maximum of £2.50p. Once this limit is breached the catering staff reserve the right to withdraw services until the account is restored to a positive balance. Students in their final term do not qualify for an overdraft facility.

The procedures:

### Parent Pay

Payments credited to the ParentPay website are paid to the Trust every fortnight via a direct credit under the terms and conditions of the ParentPay Collection Service. The payment received is net of the ParentPay charges. In order to reconcile this entry on the Trust bank account:

- Print a copy of the Collection Service invoice and statement.
- Ensure that the statement totals agree with the credit entry on the bank statement.
- Record the entry in the accounting system on the nominal ledger.

### Manual receipt of cash

- Any cash received from a student or staff member for their lunch money account is recorded on the computer immediately. This allows the payee to witness the funds being added to their account.
- The weekly total of cash received is reconciled against reports from the computer system by the Finance Assistant. The reconciliation is checked by the Senior Finance Assistant.
- This money is banked weekly and then recorded in the account system on the nominal ledger as a weekly total.



## **BANK AND CASH**

### **Bank facilities**

Changes to bank arrangements, including opening a new bank account, are authorised in accordance with the Scheme of Delegation.

The Trust does not overdraw its bank account or arrange with its bankers for overdrafts, loans or any other form of credit or deferred purchases. The bank has been informed that the Trust is not allowed to borrow funds and that no account should be allowed to become overdrawn. The Trust does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the Board of Trustees' investment policy.

The Trust holds separate bank accounts for public and private funds, and public and private funds are separately accounted for.

The majority of payments are made by the Bankers Automatic Clearing System (BACS) transfer.

In cases where payments are made by cheque:

- All cheque payments from the bank accounts require two authorised cheque signatories. The signatories are all senior members of staff or trustees. The Finance office maintains an approved list of signatories (including specimen signatures). Cheques are not pre signed.
- All cheques drawn are crossed 'account payee only'. All chequebooks and other stationery are kept in a locked cupboard or filing cabinet. All bank statements are filed sequentially.
- Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

The operation of BACS and any other means of electronic transfer of funds are subject to the same level of control.

Lists of payments to be made by BACS are supported by the invoices being paid and are signed by the Senior Finance Assistant and the Director of Finance and Operations as evidence of checking that payments are due before they are made.

### **Bank reconciliations**

All bank accounts are reconciled on a monthly basis by the Finance Office and the Finance and Operations Director reviews all reconciliations, signing them as evidence of review.

### **Cash banking**

Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact, without delay and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques and reference cheques to the related debt. Cheques are identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.

The Finance Office banks all cash and cheques. All cash and cheques are banked in accordance with the collection dates set out by the security company. Unbanked receipts are kept in a safe to safeguard against loss or theft. In no circumstances must cash holdings on the Trust premises exceed the insured limit.

The following banking procedures apply:

- All controlled (numbered) stationery, including banking bags, paying-in books, cheque books etc, is held securely and numbered items are used consecutively. If any item of numbered stationery is not used for any reason, the item is retained on file, together with an explanation as to why it was not used. There should be no item for which there is no account.
- Visits to the bank are made by two people if applicable.
- For cash collections:
  - The Trust ensures an appropriate till facility is in place, that receipts are issued and that cashing-up and reconciliation procedures are carried out daily.
  - The total sum passed to the Finance Office for banking is accompanied by the appropriate paperwork detailing the amount and details of the source of income, supported by names or receipts.
  - The total sum passed to the Finance Office is checked immediately and verified against the accompanying paperwork.
  - A receipt for the cash and cheques handed to the Finance Office is provided immediately.
  - Any discrepancies between the amount received and the details included in the paperwork are highlighted, queried and resolved immediately.
  - Income is brought to the Finance Office on a daily basis.
- These procedures also apply to miscellaneous cash collections from within the Trust, for example, school trips, resit examinations and staff events. In addition, a separate record of the various collections, supported by documentation, is held for each event/activity.
- Cash and cheques received by the Finance Office and their accompanying stationery are transferred to the safe immediately, and not held elsewhere.
- The banking bag and accompanying forms are prepared as soon as possible and at least on a daily basis. This includes the completion of a numbered paying-in slip which is not detachable from its book and which reconciles with the receipt issued. The name of the person who has prepared the banking is included on the slip.
- Cheques and cash received for the same event/activity are accounted for on the same paying-in slip and within the same banking bag, ie not separated. Bank paying-in slips show the split of cash and cheques and reference cheques to the related debt. Cheques are identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.
- The member of staff who has prepared the banking bag and accompanying stationery enters the amount on the accounting software on that same day. This entry matches the receipt issued.

- Visits to the bank for the purposes of paying in cash and cheques are kept to a minimum for security reasons because the Trust arranges cash collections through a courier.
- Where unusually high levels of cash are received, these are banked on the day of receipt.
- Where visits to the bank are necessary, banking is carried out, normally by the same person, accompanied by an independent member of staff who does not work in the Finance Office. The following procedures apply:
  - The member of staff who delivers the income to the bank signs the stub of the paying-in book, by way of a record of the visit, and a dated bank stamp is obtained.
  - Under no circumstances is the bank shoot used as a method of paying in.
  - In no circumstances do cash holdings on the Trust premises exceed the insured limit.
- The transaction is reconciled to the accounting system upon receipt of the bank statement and verified against the paying-in book and original receipt.
- The school gives due consideration to the separation of duties in relation to banking procedures.

### **Key holders**

Key holders to the safe are authorised by the Resource Committee and keys to the safe are held securely at all times. Any loss of a key to the safe or the Finance Office is reported to the Director of Finance and Operations immediately.

## **FIXED ASSETS**

### **Asset register**

The Finance and Operations Director and IT Manager maintain the asset registers. The Trust includes details of all assets with a cost greater than £1,000, and 'attractive' items below that value, in the asset register. The register records:

- Asset description.
- Asset number.
- Serial number for IT equipment.
- Date of acquisition.
- Asset cost excluding VAT where applicable.
- Source of funding.
- Expected useful economic life and residual value.
- Depreciation.
- Current book value.
- Location.

Items used by the Trust but owned by others are included, with a note of ownership. Items under finance leases are identified as such with the termination date of the lease.

The Finance and Operations Director checks that the asset register has been maintained twice annually. Any discrepancies are investigated and reported to the CEO who informs the Board of Trustees of the loss and any known reason for this. The insurers are notified as appropriate.

Any assets removed from the Trust site are recorded in a loan book.

The length of time the asset will be off site is recorded together with the appropriate authority. The appropriate authority is the Finance and Operations Director. The Finance Office checks that assets will be insured before they are removed from the Trust. No assets are removed from the Trust for a period of time, which would unreasonably deny the Trust use of those assets.

All assets are security marked.

### **Disposal of assets**

All disposals and write-offs of assets are authorised by the Finance and Operations Director. Items no longer required are sold when their estimated residual value exceeds £500.

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.

The disposal of certain assets must be agreed in advance with the Education Secretary.

The Trust ensures that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

The following records are kept for disposals as part of the register of fixed assets:

- The item disposed of.
- The date of disposal.
- The method of disposal.
- The proceeds of sale or how disposed of if scrapped.
- The person authorising the disposal.

No item is sold, leased or hired to a third party without the approval of the Finance and Operations Director.

### **Losses**

All losses are reported to the Finance Office. The Finance Office informs the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

The Finance Office maintains a record of losses and insurance monies received. The Board of Trustees is informed of all losses.

## **LEASING**

In considering leases, Trusts need to be aware that there are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). Where in doubt as to whether or not any particular lease does or does not involve an element of borrowing the Trust will resolve the issue by contacting their external Auditor.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, writing off, donating, re-leasing, subletting or any other form of disposal.

## **FRAUD**

The Trust must notify the ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud or theft exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Any unusual or systematic fraud, regardless of value, must also be reported.

The following information is required:

- Full details of the event(s) with dates.
- The financial value of the loss.
- Measures taken by the Trust to prevent recurrence.
- Whether the matter was referred to the police (and why if not).
- Whether insurance cover or the risk protection arrangements have offset any loss.

The Trust is aware of the risk of cybercrime and has put in place proportionate controls and will take appropriate action where a cybercrime has taken place. The Trust must obtain the permission of the ESFA to pay any cybercrime ransom demands – this action is discouraged by the National Crime Agency.

## **INVESTMENTS**

Investments are made only in accordance with the policy approved by the Board of Trustees and the Scheme of Delegation.

## **FREEDOMS AND DELEGATIONS AND TRANSACTIONS REQUIRING ESFA CONSENT**

Certain transactions require prior ESFA authorisation.

- These are listed in the Scheme of Delegation and full guidance is included in the ESFA Academy Trust Handbook.

**GLOSSARY OF PERSONNEL**

Chief Executive	Claire Heald
Finance and Operations Director	Mark Norman
Trust Facilities Manager	Jan Berridge
Procurement Manager	Julie Thomas
HR Manager	Tania Tull
Principal – Cambourne Village College	Lynn Mayes
Principal – Comberton Village College	Peter Law
Executive Principal – St Peters	Christopher Bennet
Headteacher – Melbourn Village College	Niki Smith
Headteacher – St. Peter’s School	Emma Butler
Executive Headteacher – West Village Partnership Schools Desborough	Shelley
Headteacher – Everton Heath Primary School	Katie May
Acting Headteacher Gamlingay Village Primary	Suki Hinton
Headteacher – Offord Primary School	Kate Ruddock
Executive Headteacher – Jeavons Wood	Sue Wright
Acting Headteacher – Jeavons Wood Primary	Emily McMurray
Headteacher – Hartford Junior & Hartford Infant Schools	Rae Lee
Headteacher – Thongsley Fields Primary School	David Jones
Senior Finance Assistant – Cambourne Village College	Carole Sayer
Senior Finance Assistant – Comberton Village College	Stacey Bell
School Business Manager – St Peter’s School	Carolyn Ducket
Finance Assistant – Everton Heath Primary School	Sarah Dickinson
Finance Assistant – West Village Partnership	Pauline Davies
Finance Assistant – Hartford Junior School	Elaine Rudd
Finance Secretary – Hartford Infant School	TBC
Finance Assistant – Jeavons Wood Primary School	Nicola Ellender
Finance Assistant – Melbourn Village College	Jennifer Miller

Finance Assistant – Thongsley Fields Primary School

TBC