Financial Regulations

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1 BACKGROUND

The Trust receives much of its funding from the Education and Skills Funding Agency (ESFA) on behalf of the Department for Education (DfE). The funding agreement between the DfE and the Academies sets out the terms and conditions on which grant is made. The Board is responsible for ensuring that conditions of grant are met. As part of this process the Academies must adhere to the ESFA’s Financial Handbook which requires it to have sound systems of financial and management control. The financial regulations of the Trust form part of this overall system of accountability.

Reference to the ESFA and DfE shall include any successor bodies.
2 STATUS OF FINANCIAL REGULATIONS

This document sets out the Trust’s financial regulations. It translates into practical guidance the Trust’s broad policies relating to financial control. It is intended to apply at Trust Office, Academy, and Trust level and (unless other arrangements have been expressly approved) to any subsidiary undertakings.

Academies will have their own financial operating procedures and regulations that will sit alongside and be consistent with this document and the Scheme of Delegation.

In instances where there is conflict between this document and an Academy’s own financial procedures, then this document will take precedence.

The purpose of this document is to ensure that the Trust maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE). The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE (primarily the Academies Financial Handbook). This document expands on that guidance and provides detailed information on the Trust’s accounting procedures and systems.

These financial regulations are subordinate to regulations contained in the Academies Act, the Companies Acts, Charity Law or the Articles of Association and to any restrictions contained within the Trust’s funding agreement with the DfE.

These regulations should be read in conjunction with the Governance Handbook, Scheme of Delegation and other Trust policies.

Compliance with the financial regulations is compulsory for all staff connected with the Trust and should be read by all staff and Governors involved in financial transactions.

A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust’s disciplinary policy. Any significant breach, in the opinion of the Finance & HR Director or Chief Executive, will be notified to the Finance & Resources Committee. It is the responsibility of all managers to ensure that staff reporting to them and to their subordinates are made aware of the existence and content of the Trust’s financial regulations and that an adequate number of copies are available for reference.

The Finance and Resources Committee, with advice from the Accounting Officer, is responsible for maintaining a continuous review of the financial regulations and amendments can only be made following recommendation by the Finance & Resources Committee to The Trust Board for approval.
3 FINANCIAL CONTROL

3.1 The Board

The Board of Directors has overall responsibility for the administration of The Trust’s finances. The Board is responsible for managing the financial affairs to ensure regularity, propriety and value for money, and for ensuring that the Trust’s funds are used in accordance with charity law, company law and the funding agreement. The Directors are ultimately held to account by the Secretary of State.

Directors are subject to the duties and responsibilities of charitable trustees and company directors, as well as any other conditions that the Secretary of State may require. These responsibilities are mutually reinforcing and are there to ensure the proper governance and conduct of the Trust. The key requirements are reflected in the Funding Agreement, Articles of Association and the Academies Handbook.

Directors should also be aware of the Charity Commission’s guidance for academies in;

- Trust Academies: guidance on their regulation as charities

and two guidance notes which are relevant for Trustees. These guidance notes are;

- CC3: The Essential Trustee - What You Need to Know and,
- CC8 - Internal Financial Controls for Charities.

The Board of Directors shall ensure that Governing bodies (GB) and all staff comply with the requirements contained in the Finance Regulations and Governor Handbook including the Scheme of Delegation.

3.2 Committee Structure

Whilst the Board has ultimate responsibility for the Trust’s finances, it delegates powers to the committees detailed below. These committees are accountable to the Board.

Finance and Resource Committee

The Finance and Resources Committee is a sub-committee of the Board meeting at least once a term. The Board delegates many of its financial powers to be carried out by the Finance and Resources Committee. The responsibilities of the Committee are detailed in written terms of reference which have been authorised by the Board of Directors. The Board must approve the budget in line with the Matters reserved for the Board, such approval must be minuted.

Monitoring of the Trust’s financial position is a key function of the Finance and Resources Committee. The Committee will examine annual estimates and accounts and recommend their approval to the Board. It will ensure that short term budgets are in line with agreed longer term plans and that they are followed. Similarly, it considers and makes recommendations to the Board on the allocation of resources. It will consider any other matters relevant to the financial duties of the Board and make recommendations accordingly. The Committee will also ensure that the Board has adequate information to enable it to discharge its financial responsibilities and will advise on the financial implications of matters referred by other committees.
Audit Committee

The Audit Committee is a sub-committee of the Board. It meets at least two times per year and is responsible for providing assurance to the Board on the adequacy of financial controls within the Trust. The Audit Committee will commission a programme of internal assurance testing to be carried out by the External Auditors to support them in their role. The Audit Committee receives the reports of the external auditor in respect of both internal and external audits. The responsibilities of the Committee are detailed in the terms of reference which have been authorised by the Board.

3.3 Responsibilities

The Accounting Officer (AO)

The Trust has appointed The Chief Executive Officer (CEO) as the designated Accounting Officer (AO).

The Accounting Officer is responsible to Parliament and to the Accounting Officer of the ESFA for the resources under their control. The essence of the role is a personal responsibility that cannot be delegated for assuring the Board that there is compliance with the Financial Handbook, the Funding Agreement and all relevant aspects of company and charitable law; for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; and for the efficient and effective use of all the resources in their charge. The Accounting Officer must be able to assure Parliament and the public of high standards of probity in the management of public funds.

The Accounting Officer must advise the Board of Directors in writing if, at any time, in his or her opinion, any action or policy under consideration by the board is incompatible with the terms of the Academies Financial Handbook or Funding Agreement. Similarly, the Accounting Officer must advise the Board in writing if the Board appears to be failing to act where required to do so by the terms and conditions of the Academies Financial Handbook or Funding Agreement.

Where the Board of Directors is minded to proceed, despite the advice of the Accounting Officer, the Accounting Officer must consider the reasons the Board gives for its decision. If, after considering the reasons given by the Board, the Accounting Officer still considers that the action proposed by the Board is in breach of the Handbook or Funding Agreement, the Accounting Officer must advise in writing the ESFA’s Accounting Officer of the position.

Under the guidance of the Board the Accounting Officer is responsible to the Board for the day to day running of the Trust and must ensure that there is appropriate oversight of financial transactions. In doing so, they must:

- ensure regularity and propriety;
- ensure prudent and economical administration;
- avoid waste and extravagance;
- secure value for money though the efficient, effective and economic use of available resources;
- be responsible for the day to day organisation, staffing and management of the MAT.
- ensure that bank accounts, financial systems and financial records are operated by more than one person;
- ensure that all the Trust’s property is under the control of the Directors, and that
measures are in place to prevent losses or misuse;
• keep full and accurate accounting records; and
• prepare accruals accounts, giving a true and fair view of the MAT’s incoming resources and application of resources during the year, and the state of affairs at the year-end, in accordance with existing accounting standards.

Further guidance on these responsibilities is set out in HM Treasury’s “Managing Public Money”.

The Principal Finance Officer (PFO)

The Trust have appointed The Director of Finance & HR (FD) as the Principal Finance Officer (PFO). This post may combine their specific financial responsibilities with a range of other support and leadership responsibilities. The PFO should play both a technical and leadership role in the MAT.

Day to day financial administration is the responsibility of the Director of Finance & HR. The Director of Finance & HR is responsible to the Chief Executive for:

• preparing annual capital and revenue budgets and financial plans
• preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
• preparing the Trust’s annual accounts and other financial statements and accounts which the Trust is required to submit to other authorities
• ensuring that the Trust maintains satisfactory financial systems
• providing professional advice on all matters relating to financial policies and procedures
• day to day liaison with auditors in order to achieve efficient processes.

The Director of Finance & HR need not discharge all these duties personally. The detail of many of these items may be delegated to other finance staff. In addition, the Trust Board may decide that its needs are adequately served by employing staff or contractors with relevant skills and knowledge at specific times (e.g. when the accounts are being prepared).

Governing Body

The GB is responsible for the observance of financial regulations within their Academy (or set of Academies) and for the training of staff to ensure that they comply with the necessary regulations in accordance with the Scheme of Delegation.

The GB will review the annual budget for their Academy which must then be presented to the Trust Board for approval.

The GB must comply with the Scheme of Delegation which outlines the delegated authority of key members of staff within the Academy. Financial support within each Academy should be provided by suitably qualified and experienced staff.
Trust Office

The Chief Executive Officer is responsible for the management of the Trust Office. All references in these regulations to the responsibility of the GB or the Headteacher for an Academy, apply to the Chief Executive Officer in relation to the activities and procedures of the Trust Office.

Other Staff

Other members of staff will have some financial responsibilities. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of The Trust’s financial procedures.

3.4 Audit Requirements

The audit requirements of the Trust are set out in the Companies Act and various Auditing Standards. Auditors shall have authority to:

- access Trust premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the Trust
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the Trust to account for cash, stores or any other Trust property under his/her control.
- access records belonging to third parties, such as contractors, when required.

Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property of the Trust or any other suspected irregularity in the exercise of the activities of the Trust, the manager concerned shall notify the Director of Finance & HR who will deal with matters as set out in the policy on fraud and irregularity.

The Director of Finance & HR is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration of audit matters by the Accounting Officer, the accounts should be endorsed by the Audit Committee. On the recommendation of the Audit Committee and Accounting Officer they will be submitted to the Board for approval.

External Audit

The appointment of auditors will take place annually and is the responsibility of the Board. The appointment must be subject to competitive tender at least once in every five-year period.

The primary role of external audit is to report on the Trust’s financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with the Companies Acts and the Auditing Practices Board’s auditing standards.
Other Auditors

The Trust may, from time to time, be subject to audit or investigation by external bodies such as the ESFA, DfE, National Audit Office, European Court of Auditors, HM Revenue and Customs. They have the same rights of access as external and internal auditors.
4 BUDGETING

Resource Allocation

Resources are allocated annually by the Board on the recommendation of the Finance and Resources Committee.

Medium term financial plan

The medium-term financial plan is prepared as part of the business planning process. The business plan indicates how The Partnership’s educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The business plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to The Trust and the planned use of those resources for the following year.

The Director of Finance & HR is responsible for preparing annually a rolling three-year financial plan (including any subsidiary and joint venture operations) for approval by the Board on the recommendation of the Finance and Resources Committee and for preparing financial forecasts for submission to the ESFA. Financial plans should be consistent with the business plan approved by the Board.

4.1 Budget Preparation

The Director of Finance & HR is responsible for preparing annually a revenue budget and capital programme (buildings and equipment) for consideration by the Finance and Resources Committee before submission to the Board. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Director of Finance & HR must ensure that detailed budgets are prepared in order to support the resource allocation process.

During the year, the Director of Finance & HR is responsible for submitting revised budget estimates to the Finance and Resources Committee for consideration before submission to the Board for approval.

Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance & HR by the budget holder concerned and, if necessary, corrective action taken.

The Director of Finance & HR is responsible for supplying budgetary reports on all aspects of the Trust’s finances to the Chief Executive and Finance and Resources Committee.
Annual Budget

The Director of Finance & HR is responsible for preparing and obtaining approval for the annual budget. The budget must be endorsed by the Accounting Officer, the Finance and Resources Committee and approved by the Board.

The approved budget must be submitted to the DfE annually and the Director of Finance & HR is responsible for establishing a timetable which allows enough time for the approval process and ensures that the submission date is met.

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. There should be a clear link between the business plan objectives and the budgeted utilisation of resources. The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DFE grant receivable;
- review of other income sources available to The Trust to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of The Trust cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Director of Finance & HR for consideration by the Accounting Officer and the Finance and Resource Committee before approval by the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. The budget should be a working document which may need revising throughout the year as circumstances change and is linked to business Plan.

Partnership Cost Contribution

The Board will agree each year the amount each academy is to contribute to central Trust costs and centrally managed service contracts. The Director of Finance & HR will notify each Headteacher/Executive Principal of this sum.
4.2 Monitoring and Review

Monthly reports will be prepared by the Director of Finance & HR. The reports will detail actual income and expenditure against budget both for individual Academies and at a summary level for the Accounting Officer and the Finance and Resources Committee.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency.

4.3 Treatment of Year-End Balances

At year end, Academies will have the authority to carry forward a balance on their budget to the following year in accordance with the reserves policy. Allocations for the new year should reflect the need in the new year.

4.4 Capital Equipment Budget

The Director of Finance & HR is responsible for developing a rolling programme of capital spend, together with small capital projects not covered by Building Projects below. This programme will be supported by an annual Capital approval process.

Any new aspect of business, which will require an investment in buildings, resources or staff time of more than £100,000 should be presented for approval to the Finance and Resources Committee. The proposal should be supported by a business plan for three years which sets out:

- a demonstration of the proposal’s consistency with the development plans approved by the Board and within the Board’s powers under current legislation;
- details of the market need and the assumptions (based on reference data) of the level of business available;
- details of the business and what product or service will be delivered;
- an outline plan for promoting the business to the identified market place and achieving planned levels of business;
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues;
- details of any premises and other resources required;
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions;
- contingency plans for managing adverse sensitivities;
- consideration of taxation and other legislative or regulatory issues;
- a three-year financial forecast for the proposal including a monthly cashflow forecast and details of the impact on the Trust cashflow forecast for the financial years in question.

Building Projects

Capital expenditure on land, buildings, furniture, equipment and associated costs in excess of £100,000 for each project will only be considered as part of a capital programme approved by the
Finance & Resources committee.

The Director of Finance & HR is responsible for providing regular statements concerning all expenditure on building projects to the Finance and Resource Committee for monitoring purposes.

Proposed building projects should be supported by:

- a statement which demonstrates the project’s consistency with the development plans and property strategy approved by the Board
- an initial budget for the project for submission to the Finance and Resource Committee. The budget should include a breakdown of costs including all associated equipment, professional fees, VAT and funding sources.
- a financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans
- an investment appraisal in an approved format which complies with EFA guidance on option and investment appraisal
- a demonstration of compliance with normal tendering procedures and EFA regulations
- a cashflow forecast for the project and a revised cashflow forecast for the Trust showing the impact of the project.

Following completion of a capital project, a final report should be submitted to the Finance and Resource Committee recording actual expenditure against budget and reconciling funding arrangements where a variance has occurred.

New Entities

No new company, joint venture or other new legal entity shall be established into without the endorsement of the Finance and Resource Committee and approval of the Board.
5 ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

Format of the Accounts

The accounts are prepared for the financial year ending 31 August, in the format required by the Companies Act 1985, the Charities SORP and the Education and Skills Funding Agency.

5.1 Accounting Returns

The Director of Finance & HR/Headteacher/Exec principal is responsible for producing monthly management accounts and cashflow information showing the cumulative position for the financial year compared with approved budgets, latest estimated outturn, and the same period in the previous year, together with associated commentary (including forward cash flow estimates for at least 12 months), for submission to the Finance and Resource Committee at their meeting next following the end of the month.

Management accounts are not required for the first month of the financial year although any matters of significance for financial management should be reported to the Committee.

The Director of Finance & HR is responsible for consolidating and dispatching financial returns and other periodic financial reports to the ESFA and other agencies as required. The Director of Finance & HR is also responsible for ensuring that all grants notified by the ESFA and other bodies are received.

5.2 Accounting Records

The Director of Finance & HR is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

The Trust is required by law to retain prime documents for six years. These include:

- official orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- part time teacher contracts
Additionally, for auditing and other purposes, other financial documents should be retained for three years.

These retention periods relate to information for financial purposes and not for Pupil related information, which are subject to the Trust Data Protection Policy and Records Management Policy.

Accounting System

All the financial transactions of The Trust must be recorded in PS Financials (PSF), the computerised financial management system. This system consists of;

- General Ledger, including Journal transactions
- Purchase Ledger
- Sales Ledger

Key responsibilities of the Trust

- Establish and maintain the accounting system
- Determine the financial control procedures
- Determine user access rights
- Complete control account and reconciliation procedures

Key responsibilities of each Partner Academy

- Process transactions in line with agreed procedures and authorisation limits
- Keep user access accounts secure and not share log-ins
- Complete control account and reconciliation procedures
- Record Fixed Assets

The PSF system does not sit on local servers but is hosted remotely by PS Financials Ltd.

System Access

Access to PS Financials (PSF) is determined by the Director of Finance & HR. User access to PS Financials is controlled through secure user accounts and passwords. It is the responsibility of all users to keep their password secure. Access to the PSF system is password protected with password changes forced every 90 days. It is the responsibility of The Director of Finance & HR to determine the appropriate levels of access for each user. System access must ensure that there is adequate separation of duties in the process and that wherever possible users may not initiate and approve transactions.
Back-up Procedures

It is the contractual responsibility of PSF to maintain adequate back-up and disaster recovery procedures. PSF responsibilities include:

- Develop, maintain and periodically test Disaster Recovery plans to ensure that they are adequate and fit for purpose.
- Ensure that all data managed on behalf of the Trust is adequately protected to enable efficient and effective recovery.
- Ensure data is backed-up onto appropriate media at regular intervals.
- Ensure media is securely stored off-site.
- Ensure test restores of data are carried out at regular intervals.
- In the event of a disaster, PSF will recover the services to an acceptable state of operation within 5 working days.

Transaction Processing

All journal entries must be documented on the appropriate journal form, and authorised in accordance with the authorisation limits prior to being input to PSF. Detailed information on the operation of PSF can be found in the user manuals held at the Trust Office and in each academy.

Reconciliations

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

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.

All un-reconciled items are reported in an exception report as part of the monthly process.

The Trust Director of Finance & HR/Headteacher/Principal will review in a timely manner, all monthly reconciliations and sign them as evidence of that review.

Key responsibilities of the Trust

- Determine the overall financial strategy for the Trust
- Oversight of the Trust Finances
- Oversight of compliance with funding agreement and statutory responsibilities
- Production of management accounts
- Production of annual financial statements

Key responsibilities of each Academy

- Budget management and monitoring
- Maintenance of accounting records in line with the procedures in this policy
- Production of Income and Expenditure report
- Reconciling local control accounts
6   BANKING AND CASH

6.1   Appointment of Bankers

The Board is responsible for the appointment of the Trust’s bankers on the recommendation of the Finance and Resources Committee.

6.2   Banking Arrangements

The Director of Finance & HR is responsible, on behalf of the Finance and Resources Committee, for liaising with the Trust’s bankers in relation to the Trust’s bank accounts.

Only the Board may authorise the opening or closing of a bank account for dealing with the Trust’s funds. All bank accounts shall be in the name of the Trust.

All cheques drawn on behalf of the Trust must be signed according to arrangements approved from time to time by the Finance and Resource Committee with advice from the Accounting Officer. All cheques must be signed by at least two persons. Large value cheques must be signed in accordance with the articles.

The Director of Finance & HR is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

Custody and Banking- General

Each academy must establish procedures to deal with income banking. These procedures must ensure that:

- All cash and cheques must be kept in the safe prior to banking.
- Safe keyholders are identified and keys are kept safe
- Banking should take place weekly or more frequently if the sums collected exceed the insurance limit on the safe.
- Monies are collected through an externally provided secure collection service.
- Monies collected must be banked in their entirety in the appropriate bank account.
- Two members of staff must verify each banking
- Banking must be reconciled to source records of income received

At the time of each banking, each academy must complete an ‘income posting sheet’ detailing the coding split of the income. The finance team will process the entries onto PSF.

Bank Accounts

The opening of all accounts must be authorised by the Board in accordance with the Scheme of Delegation who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a
supporting book. The details should include:

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

Cheques from Trust bank accounts must bear the signatures of at least two authorised signatories.

Bankline System

Finance staff in each Trust Academy have access to the Lloyds electronic banking system in order to view on-line statements and in some cases generate and authorise on-line payments. Access to the Bank system is controlled via user accounts, passwords and smartcards. It is the responsibility of everyone to maintain security of their passwords and cards. All payments made via electronic banking must be authorised as per the expenditure limits prior to being input.

Bank Reconciliation

The Director of Finance & HR must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to PSF;
- adjustments arising are dealt with promptly.

6.3 Petty Cash Accounts

Imprest accounts will not normally exceed £500.

Where a single item is for more than £25 it should not be paid from petty cash funds but instead should be recorded through the finance system as an order and an invoice.

Requisitions for reimbursement must be sent to the finance office, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

Any member of staff granted a float is personally responsible for its safe keeping. The petty cash must be kept in a secure place in compliance with the requirements of the Trust’s insurers when not in use and will be subject to periodic checks by the finance department, the budget holder or another person nominated by him or her.

Appropriate petty cash pads must be used for recording all imprest accounts.
At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by the budget holder.

6.4 Purchasing Cards
Each partner academy must establish procedures to deal with purchasing cards. These procedures must ensure that:

- Cards are stored safely
- Requests for new cards are made through the Trust Finance Staff
- Cards are only used for Trust business
- Supporting documentation is held for all transactions
- Each statement is reconciled and then authorised
- Records of the reconciliation and approval are maintained

Cash Flow Forecasts

The Trust Director of Finance & HR is responsible for preparing monthly cash flow forecasts to ensure that The Trust has enough funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile Income and Expenditure to cover potential cash shortages.

Investments and Cash Deposits

Investments and deposits other than with the Trust’s approved Bankers must be made only with written approval by the Board of Directors. No investment or deposit should put the original capital sum at risk.

6.5 Treasury Management (Investments and Borrowings)

The Finance and Resources Committee is responsible for approving treasury management policy setting out a strategy and policies for cash management, long term investments and borrowings. The Committee has a responsibility to ensure implementation, monitoring and review of such policies.

All operating decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Director of Finance & HR and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the Trust or relevant company and shall conform to any relevant ESFA requirements. The Director of Finance & HR and his staff are required to act in accordance with best practice.

The Director of Finance & HR will report to the Finance & Resources Committee quarterly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him. The report must include an updated cashflow forecast for at least 12 months based on latest estimates of activity.

The Trust will always conduct its investments in accordance with the Trustee Investment Acts 1961 and 2000, and Charity Commission guidance.
7 INCOME

7.1 General

The Director of Finance & HR/Headteacher/Exec Principal is responsible for ensuring that appropriate procedures are in operation to enable the Trust to receive all income to which it is entitled.

Levels of charges for contracts, services rendered, goods supplied, and rents and lettings are determined by procedures approved by the Governing Body and/or Finance and Resource Committee.

The Director of Finance & HR/Headteacher/Exec Principal is responsible for the prompt collection, security and banking of all income received.

The Director of Finance & HR/Headteacher/Exec Principal is responsible for ensuring that all grants notified by the ESFA and other bodies are received and appropriately recorded in the Trust's accounts.

7.2 Cash Receipts

All monies received from whatever source must be recorded daily together with the form in which they were received.

Unless specific arrangements have been agreed, all monies so received must be deposited with the Finance Office before the close of business each day, and custody of all cash holdings must comply with the requirements of the Trust's insurers.

No deductions may be made from any cash collected on behalf of the Trust prior to banking. Personal cheques should not be drawn against Academy funds.

7.3 The Collection of Debts

The Director of Finance & HR/Headteacher should ensure that:

- debtors' invoices are raised promptly in respect of income due to the Trust
- invoices are raised on official Trust stationery
- swift and effective action is taken to collect overdue debts
- outstanding debts are monitored, and reports are prepared for managers.

The Director of Finance & HR/Headteacher/Exec Principal is responsible for implementing credit arrangements and indicating a period in which different types of invoice must be paid.
Debts below £1000 may be written off by the GB on receipt of a written report from the Headteacher/Exec Principal and copied to the Director of Finance & HR. Requests to write-off debts over £1,000 must be referred in writing to the Director of Finance & HR for submission to the Finance and Resources Committee for consideration. Debts may only be written off on the authority of the Finance and Resource Committee annually before the Financial Statements are approved.

Key responsibilities of the Trust

- Determine the financial control procedures
- Determine accounting treatment
- Process and reconcile income transactions

Key responsibilities of each Partner Academy

- To receive and bank income in line with agreed procedures and meet the financial standards in this policy.
- To notify the Trust of income banked.

7.4 Residential Trips

Each Academy must establish procedures to deal with income from trips. These procedures must ensure that;

- A lead teacher is responsible for each trip
- A record of students on each trip and payments made is maintained
- An official receipt is given for all payments received
- Contributions from Pupil Premium or other grants are managed consistent with the terms of the grant

7.5 Lettings & Hire of Facilities

Each Academy must establish procedures to deal with income from lettings. These procedures must ensure that;

- Adequate records are maintained of all bookings made
- Payment should be made in advance wherever possible
- Sales Ledger accounts are raised through PSF
- Debts will be monitored and promptly chased up

7.6 Academy Meals

Each Academy must establish procedures to deal with income from meals. These procedures must ensure that;

- Payments are adequately monitored, and debts chased up.
- Income is reconciled against the number of meals provided
- Parent Pay transactions (where used) must be recorded promptly in the PSF system.
- Each reconciliation must be documented and signed.
Income Reconciliation

The Academy finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified.

Cash Management

The monitoring of cash

Key responsibilities of the Trust

- Determine the financial control procedures
- Manage cash deposits and investments in line with the policy
- Reconcile bank accounts
- Process payments through on-line banking
- Overview of the Trust cash flow

Key responsibilities of each Partner Academy

- Monitor bank account transactions
- Manage cash deposits and investments in line with the policy
- Reconcile bank accounts
- Process payments through on-line banking if available
- Monitor cash flow
8 EXPENDITURE

General

The Director of Finance & HR/Headteacher/Exec Principal is responsible for ensuring that payment to suppliers of goods and services to the Trust are made in a timely and accurate manner.

8.1 Authorities

The Director of Finance & HR/Headteacher/Exec Principal is responsible for purchases within their setting in accordance with the Scheme of Delegation. Purchasing authority may be delegated to named individuals (or budget holders) within the Academy.

The Director of Finance & HR/Headteacher/Exec Principal shall maintain a register of authorised signatories.

No budget holder is authorised to commit the Trust to expenditure without first reserving enough funds to meet the purchase cost

Quotations and Tendering

8.2 Purchase Orders

In order that all liabilities and commitments of the Trust are recorded in central financial systems, all orders for the purchase of goods or services, except utilities, examinations and other items approved in advance in writing by the Director of Finance & HR, shall be made on an official order. Budget holders will submit order requisitions through the finance system in order that the official order may be raised. The requisitions must be approved by the budget holder responsible, or a person delegated as set out above. Limited arrangements for telephone ordering may be approved from time to time but must be recorded as all other orders.

Any upward variations to orders which exceed the lower of 10% of the original value or £1,000, must be evidenced by an additional order which must be authorised in the same manner as the original order. A copy of the original order shall be kept with the additional order.

Unless specifically authorised in writing by the Director of Finance & HR, no member of staff other than finance staff may place orders electronically through the internet. This provision is to ensure that the controls set out elsewhere in this document are applied when this method of procurement is used.

8.3 Building Contracts

In addition to local approval, building contracts are the responsibility of the Finance and Resources Committee and are administered by the Director of Finance & HR in conjunction with external professional advisers.

Routine proposals will normally be initiated by the Academies in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed if the project, as determined by the Finance and Resources
Committee, is too large or too specialised for the Trust’s resources. Appointments shall be subject
to tendering and/or other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals as appropriate for the
Finance and Resources Committee approval. Investment appraisals should comply with appropriate
ESFA guidance.

Following consideration by the Finance and Resources Committee and approval by the Board,
submissions should be forwarded to the ESFA where appropriate. If the required agreement is
secured by the ESFA, ESFA procedural rules should be followed. ESFA guidance on best practice
should be followed, where possible, even when EFA approval is not required.

All contracts will attempt to secure best value for money.

8.4 Receipt of Goods and Services

It shall be the responsibility of all budget holders to advise the finance department as soon as
possible of the receipt of any goods or services ordered against budgets under their control. The
notification shall be by copy of the supplier’s delivery note, or by an annotated internal delivery note
which shall have been provided for the purpose. This notification will signify that the goods have
been received, examined and approved regarding quality and quantity, or that services rendered,
or work done is satisfactory.

Wherever possible the confirmation of delivery should be initiated by someone other than the budget
holder who authorised the original purchase requisition.

8.5 Payment of Invoices

The procedures for making all payments shall be in a form specified by the Director of Finance & HR.

The Director of Finance & HR is responsible for deciding the most appropriate method of payment
for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or
BACS transfer. In exceptional circumstances cheques can be prepared manually for urgent
payments.

Suppliers will be instructed on the official order to submit invoices for goods or services initially to
the finance office. The Director of Finance & HR/Headteacher/Exec Principal shall be responsible
for keeping a record of all invoices so received until authorised for payment.

All Budget holders are responsible for ensuring that expenditure within their department does not
exceed funds available.

Authorisation of an invoice for payment will be confirmation that:

- the goods have been received, examined and given initial approval regarding quality
  and quantity, or that services rendered, or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price, discount) are correct
- the invoice is arithmetically correct
- an invoice for the goods or services has not previously been passed for payment

Where appropriate, an entry has been made on a stores record or departmental inventory. Invoices must be authorised promptly and returned to the finance office as soon as they have been authorised. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

8.6 Leasing, Hire and Other Term Agreements

Only the Finance & Resources Committee may approve term agreements of any nature. All purchasing, and procurement regulations set out above shall apply. In assessing the value for authority limits, the total of all estimated payments shall be used.

8.7 Other Payments

All amounts expended from balance sheet accounts, such as payments to statutory authorities, shall be made on the basis that the payment is of an amount correctly set aside in the Trust’s financial records for the purposes as a result of deductions from wages and similar transactions.

Invoices for examination entries and other assessment related costs shall be checked against records of entry by the Data Manager before any payment is authorised.

Purchasing

The Trust wants to achieve the best value for money from all our purchases. A large proportion of purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

Probity; it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of The 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.

Routine Purchasing

Budget holders will be 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. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month.

Authorisation Limits

Authorisation limits are detailed in the Scheme of Delegation.

Budget holders may submit requisitions which should be signed. Authorisation is as previously detailed.
Purchases across the whole Trust must be processed in accordance with the following financial standards:

Official orders must be created for all purchases other than utility payments, purchasing card transactions and those purchases controlled by a contract or agreement such as insurance etc.

All orders must be made, or confirmed, in writing using an official order form. Orders must bear the signature of the budget holder and must be forwarded to the finance office where a check is carried out to ensure adequate budgetary provision exists before placing the order.

Approved orders, signed as per the authorisation limits, will be recorded in the purchase order module of PSF which will allocate an order number.

Incoming deliveries will be dispatched to departments accordingly and the goods will be checked against the goods received note. Any discrepancies should be recorded and discussed with the supplier without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the finance staff should be notified.

All signed goods received notes and invoices should be sent to the Finance staff.

Invoice will only be processed for payment if the order and Invoice all match in terms of value and quantity of goods/services. Any mismatches will be investigated by finance team.

The Finance staff will clearly mark each invoice as ‘processed for payment’ and record the PSF system reference number.
9 TENDERING

9.1 Competitive Purchasing Requirements and Limits Orders up to £8,000

In purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability. Proposals should be obtained in writing for all purchases.

Orders over £8,000 but less than £50,000

Guidance on all procurement above £8,000 should be sought from the Academy Business Manager. At least three written quotations should be obtained for all orders between £8,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made. All potential contractors invited to submit quotations shall be provided in all instances with identical information and instructions. If competitive quotes are not able to be sought, a report will be produced documenting the reasons why and how value for money has been otherwise assured.

Orders over £50,000

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures, detailed below and will be overseen by the Trust Director of Finance & HR.

9.2 Tendering Procedures

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below. The Trust must seek tenders on the most appropriate basis.

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the finance lead 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 Tender: The Trust will normally invite at least four bidders. This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply The Trust’s requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
• the above methods have resulted in either no or unacceptable tenders,
• only one or very few suppliers are available,
• extreme urgency exists,
• additional deliveries by the existing supplier are justified.
• where the Diocesan Trustees (owners of the property) impose restrictions on whom they will permit to undertake capital projects for example, architects and construction advisors.

Preparation for Tender

Full consideration should be given to:
• objective of project
• overall requirements
• technical skills required
• after sales service requirements
• form of contract.

The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. 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.

All tenders should reference the requirements of the Trust’s Modern Slavery Statement and as part of the tendering process, each prospective supplier to the Trust should be asked to provide a copy of their Modern Slavery Statement or confirmation that they will support and demonstrate the Trust’s values in relation modern slavery. The Trust will not work with any supplier which does not comply with the Modern Slavery Act.

All tenders should reference the requirements of the General Data Protection Regulations, Child Safeguarding and the need to pay Living Wage Foundation wage rates as a minimum.

Invitation to Tender

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. An invitation to tender should include the following:
• introduction/background to the project;
• scope and objectives of the project;
• technical requirements;
• selection criteria
• implementation of the project;
• terms and conditions of tender and
• form of response.

Aspects to Consider

Financial
• Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
• Care should be taken to ensure that the tender price is the total price and that there are
no hidden or extra costs.

- Is there scope for negotiation?

**Technical/Suitability**

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

**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**

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 normally be accepted, unless the Chief Executive Officer and Director of Finance & HR are satisfied that the tender was posted or dispatched on time, but that delivery was prevented by an event beyond the control of the tenderer and that other tenders have not been opened.

**Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded.

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

**Tendering Evaluation Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

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

Full records should be kept of all criteria used for evaluation for contracts over £50,000 and a report should be prepared highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the DfE, the department’s approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to The Trust. All parties should then be informed of the decision.
In circumstances where the most economically advantageous tender is higher than the available funding, discussions with the tenderer to reduce the scope of the tender to match the available funding may be necessary.
EU Tendering Limits and Outline Procedures

EU Directives were issued to ensure advertising of contract throughout the EU so that all firms in all member states have:

- an opportunity to submit tenders
- the equal treatment of all enquiries to eliminate discrimination based on nationality, supplier or the origin of goods or services
- the application of objective criteria in the tendering and award procedures to achieve a high degree of transparency

Contract value thresholds

The Trust must comply with the latest limits published by government showing the sterling equivalent of limits published by the European Commission. These may be subject to change on an annual basis – the rate current at the date of publication of this document are shown below. These thresholds came into force on 1 January 2014. They relate to total contract value excluding VAT.

Contracts are categorised as “Supply”, “Service” or “Works”

“Supply” contracts have a threshold of £181,302
“Service” contracts have a threshold of £181,302
“Works” contracts have a threshold of £4,551,413

Contracts cannot be sub-divided simply to reduce their threshold to avoid EC procedures. Contracts of the threshold value, and above, must be advertised in the Official Journal of the European Union (OJEU).

9.3 Time scales

10 days should be allowed between notification to the OJEU and publication of the advertisement.

If the tendering procedure is to be “open” a minimum of 52 days must be allowed for receipt of tenders.
If the tendering procedure is to be “restricted” a minimum of 37 days must be allowed for receipt of requests to participate, plus a further 40 days for receipt of tenders.

“Open” tendering is when ALL interested Contractors and Suppliers may submit bids following an advertisement in the OJEU.

“Restricted” tendering is when tenders are to be invited from a selection of the Contractors and Suppliers who respond to the advertisement. The number selected must be at least five and no more than twenty. The number to be selected must be declared in the advertisement.

Details of contracts liable to be within the scope of the EU procurement regulations must be forwarded to the Trust Director of Finance & HR, who will advise the procedures to be followed.
10 SALARIES, WAGES and TEMPORARY STAFF

10.1 General

The Director of Finance & HR/Headteacher/Exec Principal is responsible, at their location, for all payments of salaries and wages to all staff including payments for overtime or services rendered.

All time sheets, leave records and other pay documents, including those relating to fees payable to external examiners, visiting teachers or researchers, will be in a form prescribed or approved by the Trust. All such documents must be authorised by the designated manager.

All Trust staff will be appointed to the salary scales approved by the Trust, and in accordance with appropriate conditions of service. All letters of appointment must be issued on behalf of the Trust.

The Director of Finance & HR/Headteacher/Exec Principal is responsible for payments to temporary employees and for informing the appropriate authorities of such payments.

All casual and part-time employees will be included on the Trust payroll.

The Director of Finance & HR/Headteacher/Exec Principal, shall be responsible for ensuring that all records relating to payroll including those of a statutory nature are kept in accordance with prescribed procedures.

All payments must be made in accordance with HM Revenue and Customs regulations.

Staff Appointments

The Director of Finance & HR/Headteacher/Exec Principal has authority to appoint staff at their location, provided their pay and other costs can be met from within an agreed budget except for Deputy Headteachers, Headteachers, Exec Principals and Academy Principals whose appointments shall be agreed with the Chief Executive and comply with Trust and Diocesan arrangements.

The Director of Finance & HR/Headteacher/Exec Principal will maintain personnel files for all members of staff which include contracts of employment.

Payroll Administration

The Trust payroll processing is administered through a contractual arrangement with an external payroll provider, Schools Personnel Service (SPS).
The payroll provider will determine monthly payroll timetables for key processing dates.

New staff appointments must be notified to the payroll provider by completion of the appropriate form and authorised by the Headteacher/Exec Principal in each Academy.

Each Academy is responsible for notifying the payroll provider of sickness and other absences during the month.

New appointments or terminations are completed on a monthly basis and authorised by the Headteacher/Exec Principal before they are passed to the payroll provider for processing.

Each Academy is responsible for updating the local HR data base with all personnel and pay related data.

SPS provide a detailed spread sheet of monthly salary payments to each individual Academy, and this is checked by the Academy Business Manager/Office manager and authorised by the Director of Finance/Headteacher/Exec Principal normally prior to the payments being made to staff. (However, this can be undertaken retrospectively in order that payments to staff are made on the appropriate date. Any errors or omissions would then be corrected in the following month.)

The authorisation of the payroll is notified to SPS by each Academy.

Claims for mileage are authorised by the Director of Finance & HR/Headteacher/Exec Principal and processed by the individual academies’ finance team. It is the responsibility of each Headteacher to ensure that claimants have completed a Motor Vehicle Declaration form prior to undertaking business miles and have appropriate business insurance arrangements in place.

**Payment of salaries**

All net salary payments are made by BACS and are the responsibility of the payroll provider as per the contract arrangements. Salary payments will be made on the 25th of each month or earlier if that is not a banking day.

The payroll provider calculates the schedule each month of statutory and voluntary deductions due from payroll, e.g. Income Tax, National Insurance contributions and pensions. Payments are prepared by the payroll provider and paid in accordance with the details of the contract.

Details of the amounts payable and due dates are received by The Trust from the payroll provider. After the payroll has been processed the nominal ledger on PSF will be updated by the finance team at each locality.

Postings will be made both to the payroll control account and to appropriate cost centres. Finance staff should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
10.2 Engagement of Temporary Staff

The Director of Finance & HR/Headteacher/Exec Principal shall approve all arrangements for the engagement of agency or other temporary staff.

No agency or temporary staff shall be engaged unless the Director of Finance & HR/Headteacher/Exec Principal has authorised the expenditure of pay budget in relation to the costs.

10.3 Advances to Staff

On written application by a member of staff setting out extenuating personal circumstances, or on occasions where error or omission by the Trust has led to a liability from a member of staff, the Trust may make temporary advances to be recovered by deduction from payroll. All advances require the authorisation of the Director of Finance & HR/Headteacher/Exec Principal.

Key responsibilities

- Appoint staff in line with HR policies
- Notify payroll amendments to the payroll provider
- Check and authorise payroll notifications from the payroll provider
- Maintain HR files and records
- Process all third-party payroll payments
- Reconcile payroll control accounts and update PSF.

10.4 Pensions

The Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Director of Finance & HR is responsible for overseeing day to day pensions matters including:

- paying of contributions to various authorised pensions schemes
- preparing the annual return to various pensions schemes
- resolution of queries in relation to individual’s contributions

The Director of Finance & HR/Headteacher/Exec Principal, is responsible for administering eligibility to pension arrangements and for informing the Payroll section when deductions should be made or ceased for employees.
10.5 Travel, Subsistence and Other Allowances (UK)

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Director of Finance & HR/Headteacher/Exec Principal and consistent with approved expense policies.

Claims by members of staff must be authorised by the appropriate manager. The authorisation by the manager shall be taken to mean that the journeys were authorised in advance, the expenses properly and necessarily incurred, that consideration has been given to value for money in choosing the mode of transport and that the allowances are properly payable by the Trust.

10.6 Travel, Subsistence and Other Allowances (Overseas)

All arrangements for overseas travel, other than student trips must be approved by the Director of Finance & HR/Headteacher/Exec Principal in advance of committing the Trust to those arrangements or confirmation of any travel bookings.

Where spouses, partners or other persons unconnected with the Trust intend to participate in a trip this must be clearly identified in the approval request. The Trust must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

Travel insurance should not be purchased with travel bookings as the Trust maintains worldwide insurance for governors, staff and learners. Confirmation should be obtained in respect of each trip as to whether other participants as referred to above are covered by the Trust’s insurances.

All claims for payment of overseas subsistence allowances, travelling and incidental expenses shall be completed and approved in a form approved by the Director of Finance & HR/Headteacher/Exec Principal. Claims by the Headteacher/Exec Principal shall be approved by the GB. Claims by the Director of Finance & HR or Chief Executive shall be approved by the Finance and Resources Committee.

10.7 Severance and Other Non-Recurring Payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Board through the Finance and Resources Committee and, where required, by the ESFA.

No amounts shall be expended which exceed the budget allocated for the purpose. All such payments shall be authorised by the Director of Finance & HR and have calculations checked by the Director of Finance & HR.

Any individual amounts which do not fall within the parameters above or are in excess of £50,000 require approval by the Finance and Resource Committee.

All matters referred to an Industrial Tribunal shall be notified to the Finance and Resource Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of Tribunals must be similarly notified.
11 ASSETS

11.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land or buildings or fixed plant can only be undertaken in-line with the Scheme of Delegation and with reference to ESFA requirements where exchequer funded assets or exchequer funds are involved. Any items not falling within an approved capital programme shall be referred to the Board.

The Director of Finance & HR/Headteacher is responsible for ensuring that the Trust’s register of land, buildings, fixed plant and machinery is maintained.

Asset register

Fixed Assets are recorded on the Fixed Asset Register. To be classified as a fixed asset the purchase needs to meet at least two of the following conditions;

- Equipment that has an individual purchase cost in excess of £2,000
- Has an expected life of more than one year
- Is a refurbishment that adds value to the infrastructure

The Asset Register helps;

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

11.2 Inventories

In addition to the asset register, the Director of Finance & HR/Headteacher/Exec Principal is responsible for maintaining inventories for all plant, equipment and furniture and stores in their establishments with a value in excess of £200. The inventory must include items donated or held on trust. Inventories must be checked at least annually and retained in the form prescribed by the Director of Finance & HR.

Security of assets

All fixed assets recorded in the register are to be permanently marked as “Property of” as far as this is practical. The asset register is to be kept up to date and reviewed regularly. Items used by The Trust but not owned by The Trust should be recorded as such.
Physical counts against the register are undertaken annually at or about the end of the financial year. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Director of Finance & HR/Headteacher. Stores and equipment are to be secured by means of physical and other security devices in line with insurance requirements. Only authorised personnel may access secure storage areas.

**Loan of Assets**

Items of Trust property must not be removed from the premises without the authority of the Director of Finance & HR/Headteacher/Exec Principal. A record of the loan must be recorded in a loan book and booked back in when it is returned. 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.

**11.3 Asset Disposal**

Disposal of equipment and furniture must be authorised by the Director of Finance & HR/Headteacher. Items with a net book value in excess of £2,000 will require three independent offers to purchase.

Disposal of land and buildings must only take place with the specific authorisation of the Board acting on behalf of the Diocese, who may delegate various aspects to committees as necessary. ESFA consent may also be required if exchequer funds were involved in the acquisition of the asset.

**Disposal Limits**

The Secretary of State’s consent is obtained before the disposal of any asset for which grant of over £20,000 was made, or where land or buildings has been transferred from the LA at no cost to The Trust. If within any one fiscal year (Sept-Aug) The Trust disposes of items which collectively originally attracted grant of more than £20,000 then the DfE should be informed. Disposal of land must be agreed in advance with the Secretary of State and Diocese.

**Summary**

**Key responsibilities**

- Determine the financial control procedures
- Determine accounting treatment
- Maintain adequate security over assets as per the policy
- Maintain asset register and inventory lists
- Perform asset checks
12 OTHER

12.1 Register of Interest

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Directors, Governors and Staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which The Trust may purchase goods or services.

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

12.2 Risk Management

The Director of Finance & HR/Headteacher/Exec Principal is responsible for developing a risk management strategy in order to identify the material risks facing the Trust and actions required to manage these risks. The strategy should include important potential liabilities such as terrorism and be enough to meet any potential risk to assets and Trust operations.

A significant element of the risks identified by this strategy will be financial risks. A summary of these will be considered by the Finance and Resources Committee annually alongside approval of the financial forecasts.

12.3 Insurance

The Director of Finance & HR is responsible for effecting insurance cover as determined by the Board. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. He/she will also deal with the Trust’s insurers and advisers about specific insurance problems. The Board must approve the level of cover and excess.

All Headteachers/Exec Principals must advise the Director of Finance & HR, immediately, of any event which may give rise to an insurance claim. The Director of Finance & HR/Headteacher/Exec Principal will notify the Trust’s insurers and, if appropriate, prepare a claim.

The Director of Finance & HR will keep a register of all insurances effected by the Trust and the property and risks covered.

The Director of Finance & HR/Headteacher/Exec Principal is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the Trust shall maintain appropriate insurance cover for business use. Evidence of this insurance must be seen prior to the payment of any vehicle related travelling expenses.
12.4 Taxation

The Director of Finance & HR is responsible for advising in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the Trust. Therefore, the Director of Finance & HR will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance and corporation tax.

The Director of Finance & HR/Headteacher is responsible for ensuring that the Trust maintains appropriate tax records, makes the necessary tax payments, and submits tax returns by their due date as appropriate.

12.5 VAT

Each setting is responsible for claiming the return of VAT on its purchases. A VAT 126 form will be prepared and submitted monthly to enable the reclaim. The process will be overseen by the Director of Finance & HR on behalf of the Trust.

These arrangements will be reviewed should the Trust be required to register for VAT purposes.

Partner Academies are responsible for advising the Director of Finance & HR of any income that may result in the Trust needing to register for VAT.

12.6 Security

The Board has a general responsibility to ensure the effective management of resources and the safe custody of assets. The following regulations aim to set out how this will be achieved.

All Headteachers/Exec Principals are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc. under their control. They shall consult the Director of Finance & HR in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Keys to safes or other similar containers are always to be carried with the person responsible or otherwise stored in a secure place. The loss of such keys must be reported immediately.

The Headteacher/Exec Principal shall be responsible for maintaining proper security and privacy of information held on computer.

Information relating to individuals held on computer will be subject to the provisions of the General Data Protection Regulations (GDPR). A data protection officer shall be nominated to ensure compliance with the Act. Refer to the Trust Data Protection Policy.

12.7 Stocks and Stores

All Academy Headteachers/Exec Principals and other leaders with budgetary responsibilities are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments.
All Headteachers/Exec Principals and other leaders with budgetary responsibilities are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks and regulations.

Those Headteachers/Exec Principals and other leaders with budgetary responsibilities whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance & HR and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the Trust’s detailed financial procedures and in accordance with annual accounts timetables issued by the Director of Finance & HR.

12.8 Use of the Trust’s Seal

Where a deed or document requires the Trust’s seal, it must be sealed by the Company Secretary to the Board or, in his or her absence, the Director of Finance & HR, in the presence of a member of the Board.

The Company Secretary to the Board is responsible for submitting a report to each meeting of the Board detailing the use of the Trust’s seal since the last meeting, where there is a seal in existence and it has been used.

12.9 Gifts, Benefactions and Donations

The Director of Finance & HR/Headteacher/Exec Principal is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the Trust and initiating claims for recovery of tax where appropriate. Refer to the Trust Conflict of Interest Policy and Private Funds Policy.

12.10 Security of Documents

The Director of Finance & HR/Headteacher/Exec Principal is responsible for the safekeeping of official and legal documents relating to the Trust. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location. A register of the documents must be maintained.

12.11 European and Other Grant Applications

All grant applications for European or other public funds shall be signed by the Director of Finance & HR/headteacher/Exec Principal. No grant application should be submitted unless it is consistent with the Business Plan of the Academy and/or Trust.

All grant applications shall be assessed to value based on the gross expenditure to which the Trust is likely to be committed. The Trust should not submit grant applications where any matched funding expenditure cannot be met from an existing budget. Consideration to allocate funds to a grant application should be made by the Finance and Resources Committee or Full Board as appropriate where the Headteacher’s or Director of Finance & HR’s virement limit is exceeded.
13 FRAUD AND IRREGULARITY

General

**Fraud** is defined as the intentional distortion of financial statements or other records by persons internal or external to the Trust which is carried out to conceal the misappropriation of assets or otherwise for gain.

**Irregularity** is defined as the deliberate or inadvertent failure by persons internal to the Trust to follow regulations, procedures, or commonly accepted practice with no intent to cause loss, or misuse or abuse of Trust equipment or systems, including unauthorised personal use.

**Corruption** is a form of irregularity and is defined as the wrongful offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

In order to protect the Trust from fraud and corruption, the Board will: -

- initially consider any act of fraud or corruption (if found) as gross misconduct, and any irregularity (if found) as misconduct which may be adjudged gross misconduct depending on the circumstances
- regularly review Financial Regulations
- arrange where reasonably practicable for the appropriate segregation of duties
- adopt and support good practice initiatives within the sector aimed at reducing the incidence of fraud and corruption
- advise staff to report anything suspicious to their Line Manager or where this is not appropriate to either the relevant budget holder, Headteacher/Exec Principal or Director of Finance & HR. Any such reports will be treated in confidence.
- managers and staff will be informed of and regularly reminded of the need to record any receipts of hospitality and gifts.

The Director of Finance & HR/Headteacher/Exec Principal will maintain a Register of Gifts and Hospitality which will be reviewed quarterly by the Accounting Officer.

In the event of any allegations under this policy: -

- the Director of Finance & HR/Headteacher/Exec Principal must be informed at the earliest opportunity
- to ensure appropriate technical expertise is brought to bear, preliminary investigations should be conducted in conjunction with the Director of Finance & HR, or the Accounting Officer to establish whether the nature and size of the allegations should warrant the inclusion of the police in the investigation
- the police should be called into an investigation at an early stage if deemed necessary and after consultation with the Accounting Officer (in his/her absence the Chair or Vice-chair of the Board) and the Auditors
- any investigation carried out in the Trust must be carried out under the framework of the Trust’s Disciplinary Procedure as approved by the Board, save that the Director of Finance & HR or the Auditors should form part of the staffing of the investigation to ensure appropriate technical expertise is brought to bear
- dependent on the nature of the matters under investigation, the Headteacher/Exec Principal may suspend the employee under the relevant sections of the Disciplinary Procedure.
Any member of staff who believes there is evidence of fraud or irregularity should bring it to the attention of their own line manager or the relevant budget holder. Any concerns in relation to the finance office may be reported direct to the Headteacher/Exec Principal or GB.

Any concerns in relation to the Headteacher should be reported directly to the Director of Finance & HR or Accounting Officer.

Any concerns in relation to the Director of Finance & HR or Chief Executive should be reported directly to the Board.

Any member of staff who makes a report of this nature shall be protected from detrimental action by colleagues as a result of the disclosure of such evidence, perceived or otherwise, save for any such report subsequently being proved malicious or frivolous. Such protection is afforded under the terms of the Public Interest Disclosure Act 1998.

Any member of staff who believes that the Director of Finance & HR/Headteacher/Exec Principal would be unable to consider the matter objectively should consult another Manager or the Company Secretary, who shall advise the Accounting Officer and the Chairman of the Board in order that an action plan may be formulated in accordance with the Trust’s policy.

Refer to the Trust Whistleblowing Policy.