

Trust Finance Policy

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Introduction

The purpose of this document is to ensure that the Academy Trust maintains and develops systems of financial control that conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreements with the Education Skills Funding Agency (ESFA).

Each Academy within the Trust must comply with the principles of financial control outlined in the academies guidance published by the ESFA in the Academy Funding Agreement and the Academies Financial Handbook. This manual expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems. It also provides a standardised approach to all finance related tasks within the Trust and its academies.

Compliance with the Policy is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Director of Finance or the Chief Executive Officer.

All staff, including the Director of Finance, Principals, Finance Officers and the Finance Assistants, who deal with financial matters, are trained in the appropriate procedures and records are kept of this training.

All staff are aware of the Academy Trust's whistleblowing policy and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the ESFA.

The Academy Trust's Finance, Audit & Resources Committee will be responsible for reviewing all controls and procedures of financial systems operating within the trust. A self-assessment of the financial administration and management within each school is carried out at all levels by the Director of Finance and the internal auditors.

1. ORGANISATION

Turner Schools (“the Trust”) is a Multi Academy Trust (MAT). The Trust is a charitable company, limited by guarantee and regulated by the Department for Education compliant with Education and Charity law. All academies within the MAT are governed by one Board (made up of Members and Directors). For legal purposes the Board of Directors is the main Governing Body, consistent with the Trust’s Articles and Funding Agreements.

The Directors must establish separate committees to be known as Local Governing Bodies for each Academy and will ensure that each Local Governing Body shall include at least two elected representatives of the parents of pupils attending the relevant Academy. The LGBs are advisory unless the Trust Board expressly delegates powers to them. The Directors must also establish Finance, Risk and Audit committees, which can be one as long as the CEO is not a member.

Further information about governance at the Trust can be found in the Trust’s Governance Scheme published on our website at www.turnerschools.com . This document should also be read alongside the Trust’s Financial Scheme of Delegation, also on the Trust’s website.

2. FINANCIAL ROLES AND RESPONSIBILITIES

The main responsibilities of the Trust are prescribed in the Funding Agreements with the ESFA. The key responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of a Chief Executive Officer (as Accounting Officer)
- ensure regularity, propriety and value-for-money in relation to the management of public funds

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company will be managed by the Directors who may exercise all the powers of the Company.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff.

The Committees that have responsibilities relating to the Academy finances are as follows:

- Trust Board
- Finance, Audit & Resources Committee
- Risk & Remunerations Committee

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the Trust’s finances.

2.1 ROLE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has overall responsibility for the Trust's activities including financial activities. As the Accounting Officer for the Trust, the Chief Executive Officer is personally responsible to Parliament via the Secretary of State for Education for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance
- keeping of proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks

The essence of the role is a personal responsibility for:

Regularity - dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's Funding Agreements, the Academies Financial Handbook, this Policy and compliance with internal Trust procedures. This includes spending public money for the purposes intended by Parliament;

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance;

Value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the Trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the MAT but for taxpayers more generally.

The Trust's Accounting Officer is required to complete and sign a short statement each year explaining how the trust has secured value for money. This must be sent to the ESFA and be published on the Trust's website. It will also be placed on the DfE's website.

In practice, much of the financial responsibility is delegated to the Director of Finance but the Chief Executive Officer retains overall responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Directors have agreed should be approved by them;
- authorising orders, contracts and signing cheques / releasing payments in conjunction with other authorised signatories in accordance with the agreed Scheme of Delegated Financial Authority;
- preparing budget plans in conjunction with the Director of Finance;
- implementing expenditure in line with the Trust budget;
- seeking Board approval for purchase orders or contracts in excess of delegated thresholds;
- submitting reports to the Board giving details of income, expenditure and commitments to date;
- ensuring any actions resulting from the annual audit are implemented.

2.2 ROLE OF THE DIRECTOR OF FINANCE

The Director of Finance works in close collaboration with the Chief Executive Officer through whom they are responsible to the Directors. The Director of Finance also has direct access to the directors and governors. The main responsibilities of the Director of Finance are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the Trust's overall budget and that of individual academies;
- management of the Academy financial position at a strategic and operational level within the framework for financial control determined by Directors;
- preparation of budget plans in conjunction with the Chief Executive Officer and Principals;
- the maintenance of effective systems of internal control;
- maintenance of adequate fixed asset registers;
- liaising auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation of monthly management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet;
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance;
- additional roles, some of which are not directly finance related, as outlined in the Director of Finance job description;
- maintaining adequate financial records in accordance with Academies Financial Handbook;
- managing internal control systems and internal financial transactions in accordance with this policy and associated documents (including Financial Scheme of Delegation and other policies from time to time);
- setting limits of expenditure for members of staff authorised to place orders;
- providing a monthly budget monitoring report to the Board. This should report any variations in expenditure against the approved budget plan;
- monitoring the cash flow;
- Foreword planning and associated three year budgeting;
- Maintaining and managing reserves in accordance with Board guidance and Trust financial policy.

2.3 THE ROLE OF FINANCE OFFICERS AND BUDGET HOLDERS

Other members of staff, primarily the Finance Officers, Finance Assistants, Academy and departmental budget holders, will have some financial responsibilities and these are detailed in following sections of this policy.

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.

2.4 THE ROLE OF THE FINANCE, AUDIT & RISK COMMITTEE

In order to assist in the fulfilment of the Trust's responsibilities, the Finance, Audit & Risk Committee will meet as necessary but no fewer than three times each year. Best practice will be to convene meetings at least once a term to:

- review the Trust's annual budget, including staffing and propose it to the Board for approval
- review the Trust executives' proposed budget/s in accordance with the strategic priorities of the Trust and the school improvement needs of each constituent academy
- consider reports from each Academy comparing expenditure with budget and to approve variations as necessary
- determine the written description of financial systems and procedures

- review and approve the Trusts arrangements for obtaining quotations and inviting tenders
- submit to the Board any proposed write-offs and disposals of surplus stock and equipment
- determine matters relating to building maintenance and risk management
- consider the findings and recommendations of Internal Audit reports and findings identified by the Director of Finance.
- recommend Auditors to the Trust board for approval/appointment on an annual basis and receive procurement of Audit services every three years should an encumber auditor continue to serve
- determine internal audit provision and scope and review reports from such
- the Chair of the Committee shall ensure that minutes are approved at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting will be made available at the registered address for reference.

2.5 THE ROLE OF THE FINANCE TEAM

The finance team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries
- providing budget monitoring /outturn monthly reports
- submitting pay returns to payroll as appropriate
- ensuring that invoice checking procedures are followed
- ensuring that authorisation of orders, invoices and schedules are in accordance with this Financial Administration & Control Policy and the Academies Financial Handbook
- prompt and intact banking of income and associated recording of income in accordance the Academies Financial Handbook
- to prepare cash flow statements so as to ensure the school has sufficient cash to meet its needs and submit these to the Director of Finance
- assisting in the maintenance of an accurate inventory and associated security procedures
- assist in the preparation of the three year budget plan and the financial returns to the ESFA

3. DELEGATED AUTHORITY TO THE TRUST

The delegated authority over different categories of financial transactions is set out below from the ESFA:

Liabilities and write-offs

Academy Trusts may write off debts and losses, including any uncollected fines up to the following delegated limits:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any Academy Trusts that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any Academy Trusts that have submitted timely, unqualified financial returns for the previous two financial years

In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the trust's last set of audited accounts.

Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

Severance Payments

If the Trust is considering making a staff severance payment above the contractual entitlement, it must consider the following issues:

- whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement
- if the settlement is justified, the Trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances
- this is called establishing a business case

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

If the Trust is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

Where the Trust is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the ESFA, before any such payment can be made. The Trust in this situation should speak to their ESFA contact at the earliest opportunity to discuss.

For the avoidance of doubt, the following examples illustrate where HMT approval would be required:

- statutory/contractual payment of £40k + enhancement of £20k = HMT approval not required
- statutory/contractual payment of £60k + enhancement of £20k = HMT approval not required
- statutory/contractual payment of £60k + enhancement of £50k = HMT approval required for the £50k enhancement only

Asset sales, leases and tenancy agreements

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). Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

Academy Trusts must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years

- granting a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years

Academy Trusts may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without the Secretary of State's approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require the Secretary of State's approval. Leases should be disclosed in Trusts' annual accounts in accordance with the Academies Accounts Direction.

If an Academy Trust does wish to enter into a lease that requires the Secretary of State's consent, then the trust will need to contact the ESFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the Secretary of State is required.

4. REGISTER OF INTERESTS

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 members, directors, governors and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services.

The register is open to public inspections and should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a member, director, governor or a member of staff by that person.

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

5. PROCESS FOR INDEPENDENT CHECKING

Every Academy Trust must have in place a process for independent checking of financial controls, systems, transactions and risks.

The Finance, Audit & Risk Committee for the Trust will undertake the process for independent checking of financial controls, systems, transactions and risks. The committee will review the risks to internal financial control at the Trust and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

This programme will be managed through one or more of the following options:

- the work of an internal audit service (either in-house, bought-in or provided by a sponsor)
- the performance of a supplementary programme of work by the Trusts external auditors
- completing the work by peer review

Peer review work is performed by an independent representative from the appointed auditors, or a suitably qualified or experienced member of the finance team, from another Academy Trust, appointed by the FARC. The peer review will provide an independent oversight of the Trust financial affairs. The main duties of the peer review are to provide independent assurance that:

- financial responsibilities of the Trust are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions

Peer reviews will be undertaken by an agreed programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the members. A report of the findings from each visit will be presented to the FARC and relevant Executive and officers within the Trust.

5.1 INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the members of a MAT are also responsible for preventing such losses of public funds, and this means that members, directors and governors must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Fraud Policy in Appendix 3 outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any Academy either as the result of a formal notification from the Trust itself or as the result of other information received.

5.2 APPOINTMENT OF EXTERNAL AUDITORS

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a one year period renewable at the discretion of the Trust Board.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the ESFA
- proper accounting records have been kept by the Academy throughout the financial year
- grants made by the ESFA have been applied for the purposes intended

The Trust should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Audit Committee.

6. ACCOUNTING SYSTEM

All the financial transactions of the Trust must be recorded on the Civica Resource 32000 accounting system operated by the Finance Departments in each Academy.

Financial records are required to be kept for at least seven years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

6.1 SYSTEM ACCESS

The Civica accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. Access to the accounting system should be restricted and the Director of Finance is responsible for determining the access levels for all members of staff using the system.

All leavers with previous access to Civica must have their access permissions formally removed.

6.2 BACK-UP PROCEDURES

The Director of Finance is responsible for ensuring that there are effective back up procedures for the system.

The Director of Finance should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks.

6.3 TRANSACTION PROCESSING

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. All journal entries must be documented in Civica Resource 32000. Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence this check, by the Director of Finance.

Detailed information on the operation of the accounting system can be found in the user manuals provided by Civica.

6.4 TRANSACTIONS REPORTS

The Director of Finance will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports
- weekly bank statement reconciliations
- monthly procurement card statements
- monthly VAT returns
- management accounts summarising expenditure and income against budget at budget holder level

6.5 RECONCILIATIONS

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

- payroll
- bank balance per the nominal ledger to the bank statement
- credit cards (where applicable)
- VAT
- trial balance

Any unusual or long outstanding reconciling items must be brought to the attention of the Director of Finance. The Principal Finance Officer will review and sign all reconciliations as evidence of his review.

7. FINANCIAL PLANNING

The Trust prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the strategic planning process. The Strategic Development Plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The Development 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 strategic planning process and the budgetary process are described in more detail below.

7.1 ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to each Academy for the forthcoming year and how those resources are to be utilised by each Academy. There should be a clear link between the SDP objectives and the budgeted utilisation of resources. The Director of Finance is responsible, with approval from the CEO and Trust Board, for ensuring that the individual budgets fall in line with Trust planning and objectives, minimising the Trust's exposure to risk.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable
- review of other income sources available to the individual academies within the MAT to assess likely level of receipts
- review of past individual performance against budgets to promote an understanding of the Trust cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes
- liaising with external agencies including major suppliers to ensure that the Trust's best financial interests are met

Individual Academy plans and budgets will need to be revised until income and expenditure are in balance. 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.

If a potential surplus is identified at an individual Academy within the Trust, this may be held back as a contingency or alternatively carried forward to invest in future years' priorities for the pupils that the Academy serves.

It will be the responsibility of each Local Governing Body's Finance Committee to set/recommend to the full governing body of their respective Academy an annual budget for submission to the MAT board. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action. Ultimate budgetary responsibility lies with the CEO and Trust Board, and the best interests of the Trust overall will be taken into account with the final budget approval process.

The Director of Finance, in conjunction with the Chief Executive Officer, is responsible for preparing and obtaining approval for the MAT annual budget, which aggregates the budgets of each Academy in the Trust. The budget must be approved by the members.

The approved aggregated budget must be submitted to the Education Funding Skills Agency (ESFA) by 31 July each year or at a date specified by the ESFA and the Principal Finance Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Budgets should be seen as a working document which may need revising throughout the year as circumstances change.

7.2 MONITORING AND REVIEW

Monthly budget reports will be provided to budget holders / Principals within schools to provide analysis. The delegated Learning resources budget will be reviewed monthly in line with month end timeframes.

8. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

8.1 STAFF APPOINTMENTS

The Executive and Principals will propose staffing structures for CEO and Trust Board approval as part of the budget setting process. The Director of Finance and CEO are responsible for ensuring that adequate budgetary provision exists for any establishment changes. Once staffing structures are approved, the monitoring of staffing budgets will remain at Trust level.

Directors of the Trust have the authority to appoint the Chief Executive Officer in consultation with the Chairman of the Trust.

The CEO has the authority to appoint the Principal at each Academy and any other Executive role considered for the effective and efficient operation of the Trust, in consultation with the Board.

The appointment of a Director of Finance must be approved by the CEO in conjunction with the Trust Board, who have a duty to establish the financial credentials of the candidate.

Each school in the Trust maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Finance Officers immediately.

The Director of Finance is responsible for ensuring that the Trust's pay policy is implemented.

The Chief Executive Officer is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and Finance/HR Officers will be responsible for maintaining accurate records of all staff employed at their school in a Single Central Record.

Personnel information is held in manual files under the guidance of the Director of Finance with access strictly limited to authorised officials only and separately on the SIMS and Civica computer systems, for which relevant registration under the 1998 Data Protection Act is held.

8.2 PAYROLL ADMINISTRATION

The Trust payroll is administered by EPM.

Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are made on the relevant EPM templates and authorised by the CEO, or Director of Finance.

All supply teachers, casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to the Trust HR Manager or Director of Finance. The Director of Finance will check a sample of supply teacher, overtime, casual and expenses each month to ensure that the payroll system is operating correctly.

8.3 PAYROLL PAYMENTS

All staff are paid monthly by bank credit transfer to their bank accounts.

The Trust's payroll system automatically calculates the deductions due from payroll to comply with legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts paid are summarised on the payroll reports and reconciled to the monthly EPM reports.

Finance Officers should undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs. Any variations should be investigated and reported to the Principal and queries raised immediately with the Director of Finance. The reconciliation should be signed by both the Finance Officer and the Director of Finance to verify the accuracy of the payments made.

The Director of Finance will check each Academy's monthly reconciliation to ensure that the payroll system is operating correctly.

On an annual basis, the Director of Finance / Trust HR Manager will produce pay statements for all staff as at 1 September.

The Trust has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. In order to achieve this, the following guidelines should be followed:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed) under Employment Legislation and IR35 guidance

- if considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll
- where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice

Careful attention should be paid to repetitive payments to individuals.

Travel claims may be processed and paid directly by the school. The school may determine their own rates of reimbursement but if they exceed the HMRC Approved Rate they will render the claimant liable to income tax and N.I. on the excess amount. The Trust therefore maintains its rate of reimbursement at or below the current HMRC Approved Rates.

9. PROCUREMENT

The Trust wants to achieve the best value for money from all purchases. This means that the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity:** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy
- **Accountability:** the Academy is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the Academy are dealt with on a fair and equitable basis.

9.1 ROUTINE PURCHASING

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the Directors of the Trust. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder 10 working days after the month end and budget holders are encouraged to keep their own records of orders placed but not paid for.

It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally and unless a Credit Card has been used (following the Credit Card Policy), orders should always include the school's terms & conditions of the order and protects the MAT against terms and conditions imposed by suppliers in the absence of quoted terms & conditions
- all orders should be placed online using the Civica web purchasing system which automatically updates the financial records and enables committed expenditure to be included in management information for governors
- Only approved suppliers listed within the Civica web purchasing system can be used, unless prior approval is sought by the Trust Finance Team
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed to suppliers, in order to reduce timelines. In such circumstances care should be taken to fax both sides of the official order form, so the supplier receives the MAT's terms and conditions.
- orders should only be approved in accordance with the authorised limits within the scheme of delegation
- orders may only be used for goods and services provided to the MAT. Private individuals and other organisations may not use the purchasing system to obtain work, goods, materials and services net of VAT
- **orders under £1,000** - can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
 - supplier chosen from the list of approved suppliers maintained by the Finance Office

- bulk purchasing of common consumables
- negotiating discounts
- taking advantage of sale seasons
- obtaining alternative quotations wherever possible
- **orders over £1,000 but less than £10,000** - at least three quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods/services. 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
- **orders over £10,000 but less than £50,000** - all goods/services ordered with a value over £10,000, or for a series of contracts which in total exceed £10,000, must be subject to three written quotations and must be referred to the Director of Finance for formal approval.
- **orders over £50,000** – will be subject to a tendering policy
- **orders over £172,514** –will be subject to formal tendering via the OJEU process.

The Academy budget holder or the Trust Finance Office must make appropriate arrangements for the delivery of goods and services to the Academy. On receipt of goods and services there must be a detailed check of the goods and services received against the Civica purchase order (or equivalent in exceptional circumstances). Where delivery notes are not produced, then the receipt of goods and services should be recorded on the online finance portal by the recipient. All discrepancies should be discussed with the supplier of the goods and services 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 Trust's Finance Office should be notified. The Trust's Finance Officer will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Trust's Finance Office to be checked against the Civica Purchase Order number (or equivalent in exceptional circumstances) and the delivery note to evidence the following:

- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- prices correct.

Invoices will be authorised for payment on the Civica online authorisation system.

9.2 PROCUREMENT OF GOODS AND SERVICES

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the Directors. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be 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.

9.3 PURCHASE ORDERS

The procurement of goods and services is the process potentially most open to abuse or mis-management and it is therefore essential to have strong financial controls to safeguard the school's interests. It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally and unless a Business Credit Card has been used, orders should always include the Trust's terms & conditions of the order and protects the Academy against terms and conditions imposed by suppliers in the absence of quoted terms & conditions

- all orders for goods and services must be processed via the Civica web purchasing system, unless exceptional circumstances dictate otherwise. It is the responsibility of the budget holder to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in their delegated budget for that purpose and that sufficient quotations/tenders have been obtained
- all orders must only be processed by the finance team once a PO has been raised via the web purchasing system
- the use of the Civica web purchasing system automatically updates the financial records and enables committed expenditure to be included in management information for governors
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed to suppliers, in order to reduce timelines. In such circumstances care should be taken to fax both sides of the official order form, so the supplier receives the school's terms and conditions

9.4 BUSINESS CREDIT CARDS

Business Credit Cards are held by named cardholders in each Academy. Cards will only be held by the Accounting Officer, Director of Finance and Trust Head of Estates.

Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the cardholder and Principal are jointly liable for the integrity of all transactions and proper and controlled use of the credit card. All receipts must be produced and reconciled monthly to the monthly statement by the Finance Officer and reviewed and signed off by the CEO or Director of Finance.

Monthly statements will be received by the Director of Finance. The Trust Finance Officers will check each Academy's monthly reconciliation to ensure that the business charge card system is operating correctly.

9.5 INVOICE PROCESSING

When invoices are received, it is essential to check that all the elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by separate individuals where possible. An invoice certification stamp is the best way of providing evidence that the following checks have been carried out:

- All invoices should be sent to the Finance Office to be checked against the Civica Purchase Order number (or equivalent in exceptional circumstances) and the delivery note to evidence the following:
 - invoice arithmetically correct
 - goods/services received
 - goods/services as ordered
 - prices are correct
 - that the invoice is not a copy or a facsimile and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the Trust Financial Controller or Director of Finance.
 - Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.
- where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services 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 Office should be notified. The Finance Officer will keep a central record of all goods returned to suppliers
- Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately

9.6 RECONCILIATION PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the Trust's account(s) are valid and verify that they are the responsibility of the Academy. The Director of Finance is responsible for ensuring that controls are in place for these checks to be carried out.

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

- **payroll** - the Trust Financial Controller will receive monthly payroll reports from EPM to be reconciled against the Civica accounting system to check that transactions for supply staff, casual staff and overtime have been made correctly against authorised claim forms submitted to EPM. The Financial Controller will undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs. Any variations should be investigated and reported to the Principal and queries raised immediately with the Director of Finance. The reconciliation should be signed by both the Financial Controller and the Director of Finance to verify the accuracy of the payments made
- **bank balance per the nominal ledger to the bank statement**- the Trust Financial Controller must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The Reconciliation procedures must ensure that all bank accounts are reconciled to the Academy's cash book, reconciliations are prepared by the Trust Financial Controller, reconciliations are subject to an independent monthly review carried out by the Director of Finance and all adjustments arising are dealt with promptly.
- **credit cards** - monthly statements will be received by the Director of Financial Controller and distributed to each Academy. All receipts must be produced and reconciled monthly to the monthly statement by the Trust Financial Controller and reviewed and signed off by the Director of Finance.
- VAT
- trial balance

Any unusual or long outstanding reconciling items must be brought to the attention of the Director of Finance. The Director of Finance will review and sign all reconciliations as evidence of their review.

9.7 OPERATION OF EXPENDITURE BANK ACCOUNT

The Trust must implement the following controls:

- a list of cheque/BACs signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories
- a minimum of three signatures should be maintained on the mandate
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest

Arrangements must be made with the bank must include:

- a statement to be provided at least once a month
- to disallow any overdraft

Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the Trust has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.

On receipt of the bank statements, the Trust will reconcile the bank balance to the balance held in the Civica accounting system.

9.8 SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS

The local governing body is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

9.9 SECURITY

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Director of Finance immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £1,000, unless a higher limit is specifically agreed with insurance.

Losses due to theft of stocks or cash shall be promptly reported to the Police, CEO, or Director of Finance.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked. The management of IT security and data protection will be part of the IT support contract with the relevant outsourced provider.

The Director of Finance shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 2018.

10.0 INVENTORIES

An asset register should also be maintained on the Civica accounting system, which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the Trust.

The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding

- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

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
- support insurance claims in the event of fire, theft, vandalism or other disasters

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on an annual basis for preparation of the year end accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Director of Finance will discuss these items on an individual basis.

The Trust has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight line percentages:

- | | |
|----------------------------------|-----------|
| • Land: | 0% |
| • Buildings: | 2% |
| • Buildings Maintenance | 5% - 20% |
| • Furniture & equipment: | 10% - 20% |
| • Computer equipment & software: | 25% |
| • Motor vehicles: | 20% |

All the items in the asset register should be permanently and visibly marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governing Body. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy, but do not belong to it, this should be noted.

The immediate responsibility for the safeguarding of equipment lies with the end user departments. In support of this, the Academy provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

10.1 ACQUISITIONS AND DISPOSAL OF ASSETS

The Trust must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

- acquiring a freehold on land or buildings
- disposing of a freehold on land or buildings

- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards

The Trust may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State. Any disposal must maintain the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the Secretary of State on that basis. Novel payments or other transactions are those in 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 the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Finance and, where significant, should be sold following due process:

- taking reasonable steps to advertise the disposal
- inviting bids for the asset (sealed bids are preferable)
- negotiating with potential purchasers

The Trust must seek the approval of the DfE in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

10.2 LOAN OF EQUIPMENT

Items of Trust property must not be removed from any premises without the authority of the CEO or Director of Finance. A record of the loan must be recorded and the asset 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 INSURANCE ARRANGEMENTS

The Trust Board will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The Trust Board will obtain the following insurance cover as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability

All risks will be reviewed annually to ensure that the cover is adequate.

All contractors must have public liability insurance before they are allowed to undertake work on any of the Trust's premises.

People hiring any Academy premises and using facilities should either be covered by the Trust's insurance at an additional cost, or must produce a valid public liability insurance with indemnity up to £5,000,000.

12 OTHER MATTERS

Services provided by sponsors and sponsor-related bodies

The MAT must ensure that any contracts for services provided to their MAT Schools are properly procured and present value for money. The MAT must ensure that sponsor fees and consultancy rates included within contracts are reasonable, represent value for money and are good use of public funds.

Irregular or improper transactions

Situations may arise where it may appear to the MAT to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances the MAT must seek prior, written permission from the ESFA. Such transactions may additionally require HM Treasury approval dependent on the nature of the transaction involved.

Pooling of GAG by Multi-Academy Trusts

The MAT has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the MAT in accordance with the guidelines that govern the use of GAG funding.

The MAT must have due regard to the funding needs and allocations of each individual Academy and they must have an appeals mechanism in place. If an individual Academy's Principal feels that the Academy has been unfairly treated in relation to pooling arrangements, they should first appeal to the trust. If the Academy Principal's grievance is not resolved, they may then appeal to the Secretary of State for Education, whose decision will be final and who may disapply the provisions for pooling in this Handbook in relation to the MAT.