



# **2023/24**

# **Finance Policy & Procedures**

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*or sooner according to changes to the Academies Trust Handbook*

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## **1. Introduction**

- 1.1 The purpose of this policy is to ensure that schools of the Trust maintain and develop systems of financial control which conform to the requirements of both 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).
- 1.2 The Trust must comply with the principles of financial controls outlined in the 'Academies Trust Handbook' published annually by the DfE (previously referred to as the Academies Financial Handbook). This policy expands on that and provides detailed information on the academy's accounting procedures and systems and should be read by all staff involved with financial systems.
- 1.3 Systems and procedures outlined in this policy extend to the treatment of Public/Private funds.
- 1.4 This policy provides detailed procedural guidance for all financial procedures and processes in place at a primary school within the Trust.

## **2. Organisational Structure**

- 2.1 The governance structure for Elston Hall Learning Trust (EHLT) consists of:

- Board of Trustees
- Finance & General Purposes Committee
- Risk & Audit Committee
- Local Governing Body for each school
- Trust Leadership Team (TLT):
  - Chief Executive Officer (Accounting Officer)
  - Executive Leader, Education, Teaching & Learning
  - Headteacher (per school)
  - Head of Trust Partnerships
  - Trust Business Manager (Chief Financial Officer).

The management structure is set as such to devolve responsibility, encourage involvement in decision-making at all levels and maximise opportunities for succession planning.

- 2.2 EHLT currently consists of the following schools;

- Elston Hall Primary School (joined October 2015)
- Palmers Cross Primary School (joined April 2016)
- Edward the Elder Primary School (joined December 2016)
- Goldthorn Park Primary School (joined November 2017)
- Pheasey Park Farm Primary School and Early Years Centre (joined February 2020)
- **Tipton Green Junior School (March 2023)**

- 2.3 The Finance & General Purposes Committee (FGP) consists of Trustees who, in line with the

Local Governing Body (LGB), are responsible for adopting the School Improvement Plan; approving the annual budget; monitor school performance and, upon advice, make decisions in relation to the Trust's strategic direction, capital expenditure and senior staff appointments.

2.4 The Risk & Audit Committee (RA) consists of Trustees who are responsible for identifying and monitoring trust-wide risks and directing assurance related services, such as internal audit and internal scrutiny reviews in accordance with the requirements of the Academies Trust Handbook.

2.5 The Headteacher for each primary school report directly to the Chief Executive Officer (CEO)/Executive Leader (EL) and the Local Governing Body (LGB) in relation to the school improvement plan and curriculum related decisions. Financial decisions are referred to the Trust's FGP committee, as appropriate.

### **3. Financial Responsibilities**

3.1 The CEO / EL / Headteachers, in liaison with the Trust Business Manager will:

- Ensure the efficient, economical and effective management of their school resources and expenditure, including funds, capital assets and equipment and staff.
- Ensure that financial considerations are taken fully into account in reaching decisions and in their execution.
- Approve new staff appointments following consultation with the CEO/EL.
- Approve all expenditure as stipulated within the Scheme of Delegation.
- Effectively manage and control systems and processes to reduce financial risk.

3.2 The Trust Business Manager (TBM) will:

- Co-ordinate the budget setting process for all schools within the Trust.
- Ensure the maintenance of sound financial controls and standardise financial procedures within schools across the Trust.
- Monitor and review management accounts, bank accounts and cashflow positions for all schools.
- Monitor and review any grant funded projects (i.e. CIF) for reporting as part of the management accounts;
- Review and negotiate Trust wide contracts to ensure value for money and economies of scale.
- Report the financial position of the Trust against approved budgets to the Trust Board / FGP / CEO / EL / LGB / HTs.

3.3 The Finance Managers (FM) will, in liaison with the Trust Business Manager:

- Manage income and expenditure within the approved annual budget plan
- Routinely monitor and report upon budget expenditure
- Proactively monitor and inform the TBM of in year and future budget pressures
- Advise and monitor efficiency of ordering and invoicing functions in accordance with procedures undertaken by Office Managers
- Deal with all financial aspects within the school, in liaison with the Trust Business Manager

- Complete all month end procedures (see ref 4.6).

### 3.4 Delegated Authorisation Levels:

#### **Expenditure Limits**

Headteacher/Deputy Headteacher	£15,000 (if within approved budget)
Trust Business Manager	£15,000
CEO / Executive Leader	£50,000
Finance, General Purposes Committee	£50,000+

#### **Writing off bad debts**

Trust Business Manager	£ 1,000
CEO / Executive Leader	£10,000
Finance, General Purposes Committee	£25,000
Board of Trustees	£45,000
Secretary of State (ESFA)	£45,000+

#### **Disposal of Surplus Stock, Stores & Assets**

Trust Business Manager	£ 1,000
CEO / Executive Leader	£10,000
Finance, General Purposes Committee	£10,000+

#### **Ordering Procedures**

Three Quotes (where possible) – evidence required	£ 8,000+
Tendering procedure	£50,000+
Find a Tender – current European limits will apply	

## **4. Accounting system**

All financial transactions of the school must be recorded on the Trust's financial accounting and budgeting software system (ACCESS).

### **4.1 System Access**

Entry to the ACCESS system is password restricted and staff are encouraged to ensure their passwords are changed regularly.

Access to the finance and budgeting system must be authorised by the CEO/ EL / TBM. Access to component parts of the system must be appropriate to the roles and responsibilities of staff which can also be restricted at school level.

### **4.2 Back-up Procedures**

Clarification should be sought from the Trust's IT Technical Support provider to ensure that there are effective and adequate back up procedures in place for the system, including cyber security arrangements.

### **4.3 Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. Bank transactions should be input by the TBM/FM and authorised by the CEO/EL, as appropriate.

#### 4.4 **Transaction Reports**

The TBM/FM 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 (and not limited to):

- Trial balance reports
- Management accounts summarising income and expenditure against budget at cost centre and ledger code level.
- Cashflow statements
- Balance sheet statements
- Detailed staffing reports

#### 4.5 **Reconciliations**

The TBM must ensure the following reconciliations are performed for each school monthly in accordance with the Trust's month end timetable:

- Bank account and trial balance reconciliation
- Payroll control account reconciliation
- VAT claims and reimbursement reconciliation to control accounts
- Income reconciliations to source documents

#### 4.6 **Month End Accounting Procedures**

The schools bank account and ACCESS accounting system should be subject to reconciliation procedures on a monthly basis by the TFMs.

A month end timetable is in place for each financial year and will identify the processes to be followed and adhered to for the completion of all key monthly tasks.

The month end process includes payroll reconciliation, bank reconciliation; review of outstanding orders and invoices; calculation and posting of monthly accruals and prepayments; aged creditors/debtors analysis; monitoring of outstanding debtor invoices and outstanding orders; submission of VAT claims, maternity pay monitoring and claims administration (where applicable), analysis of high spend budget areas, income verification and production of management accounts.

#### 4.7 **Journals**

Normal journals occur when re-coding income/expenditure from one general ledger code to another within the ACCESS system and monthly/year end accruals and prepayments.

Cashbook journals are required to post income/expenditure received directly by the bank into the ACCESS system.

Journals may be completed by the TBM/ TFMs and Office Managers.

## **5. Financial Planning**

### **5.1 Budget Cycle and Setting**

The annual budget will reflect the best estimate of the resources available to the school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the school improvement plan objectives and the budgeted utilisation of resources.

The annual and 3-year budget plan for the forthcoming year will be set and presented for approval to the FGP Committee, prior to submission of the Budget Forecast Return (BFR) to the DfE.

Following formal approval, the budget plan should be input and locked onto ACCESS.

### **5.2 Budget Planning and Approval**

As part of the budget planning process, the TBM/TFMs will explore the following for each school:

- Forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
- Review other income sources potentially available to the Trust to assess likely level of receipts;
- Review past performance against budgets to understand the school's cost base;
- Identify any potential efficiency savings;
- Review the main expenditure areas in light of the development/improvement plan objectives and expected variations in cost, e.g. pay increases, inflation and other anticipated changes.

The General Annual Grant (GAG) received from the ESFA for each school will be subject to a 'top slice' approach whereby a percentage agreed by Trustees (currently 6%) will be utilised to cover central Trust costs (currently, salaries of **Central Team** Trust posts and Trust related projects).

Regular discussions will be held with Headteachers, as appropriate, regarding all operational budgetary requirements.

Following discussions, a draft three-year budget plan will be produced by the TBM and agreed with the CEO / EL.

The final agreed three-year budget plan for each school will be presented to the Local Governing Body for information in the first instance. Followed by review, scrutiny and approval by FGP prior to formal approval by the Board of Trustees.

### **5.3 Budget Monitoring**

Income and expenditure should be subject to monitoring against the approved budget plan on a monthly basis. The TBM will produce monthly management accounts to provide an up-to-date position of the budget for the Chair and Vice Chair of Trustees, CEO / EL and Headteachers.

Management accounts must be shared with the Chair of Trustees and F&GP Trustees every month via Governor Hub. The Board must consider these, as discussed at FGP, to be assured it has appropriate oversight of the Trust's financial position. The TBM/HT will also provide budget monitoring update reports to the LGB of each school on a termly basis.

The management accounts should be supported by the relevant accounting system report with all balances agreed and any variances suitably explained.

The management accounts should represent a realistic position of the budget and forecast expenditure up to the end of the financial (academic) year which will be utilised to monitor whether expenditure is likely to be within budget or overspent. Appropriate pro-active action can therefore be taken to ensure any likely overspends are at a minimum or where it may be necessary to raise extra funds to meet expected shortfalls.

Reporting requirements for management accounts should be monitored annually by the TBM in accordance with the Academies Trust Handbook to ensure compliance.

## 6. DfE Returns

The DfE annual timetable of required submissions and deadlines will be obtained and monitored by the TBM to ensure all returns are submitted to the DfE in accordance with set timescales. This includes, but is not limited to, Annual Accounts Return (AAR), Budget forecast Return (BFR), Land & Buildings Collection Tool (LBCT), School Resource Management Self-Assessment Tool (SRMSAT).

The TBM is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

The AAR is the only submission completed by External Audit following approval of the annual accounts by Trustees. The TBM will check the AAR for accuracy prior to submission to the DfE.

## 7. Regularity, Intervention and Internal & External Audit Arrangements

**Regularity:** Arrangements must be in place for the completion of regularity work by both internal and external audit. This will provide appropriate assurances to the CEO (Accounting Officer) that the Trust is working within the boundaries of regularity and propriety.

The CEO reviews the management accounts, reviews transactions for evidence of connected party transactions and value for money practice monthly to ensure the Trust is working within the boundaries of regularity and propriety.

**Intervention:** Where the ESFA has concerns about financial management and/or governance in a Trust, it may issue, and publish, a Notice to Improve (Ntl) which describes what the Trust must do to address concerns about financial management or governance (for example, an Ntl may be issued due to an actual/projected deficit, cash flow problems, insolvency risk, irregular use of public funds or inadequate governance and management).



**External Audit:** The Trust will follow DfE guidance in the appointment and evaluation of an independent external auditor to certify that the annual accounts present a true and fair view of the trust's financial performance and position. All findings and actions arising must be discussed and reviewed by the CEO/EL and TBM for management clearance prior to Trust Board by external audit.

**Internal Audit:** The Trust will appoint an independent internal audit service to ensure adequate financial and non-financial controls are in place. All findings and actions arising must be discussed and reviewed by the CEO/EL and TBM for management clearance. Reports will be presented to the Risk & Audit Committee and then shared with Trust Board.

The scope of the internal scrutiny work will be reviewed and agreed by the Risk & Audit Committee and will be determined based on risk. There must be an appropriate, reasonable and timely response to any findings by auditors and management response and actions.

## **8. Annual Accounts**

The TBM must co-ordinate the completion of all year-end transactions and adjustments and preparation of year end files for all schools with the Finance Managers in a timely manner ready for audit.

The accounts are outsourced to the appointed external auditors for preparation.

The draft annual accounts are subject to review and clearance by the CEO/EL and TBM.

The finalised annual accounts must be reported to Trust Board by an External Audit representative for approval. Following Trust Board approval, the Annual Accounts Return is prepared by external audit and checked by the TBM prior to submission to the DfE.

The annual accounts must be available on the Trust's website within timescales stipulated by the ESFA.

## **9. Document Retention**

Refer to the Trust's Records Management Policy.

## **10. Cash Management**

### **10.1 Bank Accounts**

The opening of all bank accounts must be authorised by Trustees/CEO and administered by the TBM. All Trust accounts will be held with Lloyds Bank. The Trust CEO, EL, TBM and relevant Headteachers will be included as official signatories on all Trust bank account mandates.

The following procedures must be followed when opening a bank account and operating it:

- the trust is responsible for negotiating the terms and conditions
- the Trust will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately, and the bank notified. Any on-line access to

banking will also be removed

## **10.2 Deposits**

Cash/cheque deposits must be entered on a bank paying-in slip and recorded against the relevant sources of income (i.e. dinner money, extended clubs).

Cash/cheque deposits are currently collected on a monthly basis by an appointed security company and deposited with Lloyds Bank.

The FM must verify all cash collections as being deposited to the bank account as part of the month-end bank reconciliation process.

## **10.3 Administration**

The TFMs must download bank statements from the online banking service on the 1<sup>st</sup> of each month as part of the bank reconciliation process. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the ACCESS cash book for each school
- Reconciliation is prepared by the TFMs
- The Reconciliation report is countersigned by the TBM/EL
- Any outstanding transactions are investigated as part of the month-end reconciliation process.

## **10.4 Cash Flow Forecasts**

The TBM is responsible for preparing up to date cash flow forecasts to ensure that each school has sufficient funds available to pay for day-to-day operations. Any anticipated overdrawn balances must be reported to the CEO as a matter of urgency.

The cashflow forecast must be submitted to Trustees as part of the management accounts and in accordance with the month-end procedure.

## **10.5 Petty Cash**

The Trust does not operate petty cash accounts for schools. If the school requires petty cash, this must be referred to the TBM detailing the need.

## **10.6 Staff Reimbursements**

Requests for reimbursements by staff are made using a 'staff reimbursement claim form' which should be authorised by the Headteacher with expenditure receipts attached.

Reimbursements will be entered onto ACCESS by the Office Manager and will follow the normal invoice payment procedure via BACS.

## **11. Income**

### **11.1 Sources of Income**

Sources of income at each school will typically include:

- ESFA funding – General Annual Grant (GAG), Pupil Premium, Universal Infant Free School

- Meals (UIFSM), Rates Relief, Sports Premium
- LA funding – Early Years funding, Special Educational Needs (SEN), Early Years Pupil Premium, Looked After Children funding
- DfE/other grants – Condition Improvement fund (CIF), Devolved Formula Capital (DFC)
- Dinner money – must be recorded and receipted via the SIMS dinner money module
- Extended school services (breakfast / after school club) – receipts should be issued for monies received, where requested
- Educational Visits / trips – individual records must be retained to support income and expenditure and charges made to pupils. Refer to reference 11.3 for further details
- Lettings – The Trust’s ‘lettings pack’ must be issued and completed prior to any lettings agreement. Income must be invoiced monthly
- Donations – Where appropriate, an acknowledgement (i.e. thank you letter) should be sent to the donator and gift aid claimed via <https://www.gov.uk/claim-gift-aid/overview>.
- Early Years Centre (Pheasey Park Farm Primary School only) – receipts should be issued for monies received where requested.

All income received must be receipted through the ACCESS system and coded to the most appropriate ledger code.

### 11.2 Online Transactions

Parents should be encouraged to utilise the Trust’s online payments facility (Arbor is currently used by all Wolverhampton based schools and **ParentPay** is used by Pheasey Park Farm Primary and **Tipton Green Junior** schools) to pay for all goods/services, including dinner money, trips, childcare, clubs, uniform. Cash/cheques should be discouraged and, whilst not rejected, accepted in exceptional circumstances only.

Recording of Arbor/**ParentPay** transactions are posted onto ACCESS by the Finance Managers as part of the bank reconciliation process and month end procedure.

In addition to Arbor/**ParentPay**, the Early Years Centre (at Pheasey Park Farm Primary School) use a Family Management system to record all Early Years Centre Services. This is also used to generate invoices to parents on a monthly basis in arrears and provides information on revenue and debt.

### 11.3 Educational Visits

The Educational School Visits Co-ordinator (EVCo) should be allocated by the Headteacher.

The Teacher arranging the school visit should complete a ‘visits request’ form detailing the trip, reasons for the trip, estimated costs and risk assessment for the trip. This should be forwarded to the Headteacher for approval. A copy should be provided to the EVCo and Office Manager.

Following approval, a list of all pupils to attend the trip will be compiled by the appropriate Administration Officer.

The Teacher should complete an order requisition for all bookings required for the trip, i.e. coach travel, admission costs etc. This should be authorised by the Headteacher and forwarded to the Office Manager to raise the order and issue.

All enquiries regarding the trip with suppliers/orders/costs etc should be dealt with by the Lead Teacher only. Any financial changes to the trip should be reported to the Office Manager.

The Office Manager will set up a 'trips account' on Arbor/ **ParentPay** to facilitate online payments for pupil contributions and bank any cash/cheques received as soon as practicable.

The Educational Visits Proforma should also be completed once all arrangements are complete by the Teacher and signed. A copy should be provided to the EVCo and Office Manager.

The Office Manager will update the pupil collection list with monies received. Any outstanding monies will be notified to the Lead Teacher who will chase any outstanding contributions.

The Office Manager will produce an 'income and expenditure' statement for each trip and present to the Headteacher for information and certification. This will be checked for audit purposes by the FM.

All school trip records should be maintained in one file and comprise of the following:

- School visit request – approved by Headteacher
- List of pupils attending trip and contributions paid by each pupil
- Risk assessment completed by Lead Teacher and certified by the Headteacher
- Education Visits proforma – certified by the Lead Teacher
- Office Manager statement detailing all income and expenditure costs associated with the trip (also detailing relevant order/invoice numbers and dates income banked).

#### **11.4 Other Government Funding**

In addition to GAG funding from ESFA, the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

#### **11.5 Other Grants and specific funding**

In addition to the GAG funding from the ESFA, the Trust may be awarded additional grants in relation to specific projects e.g. Sports England Funding, Football Foundation Funding, Charitable Grants etc. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

### **12. Purchasing**

#### **12.1 Order Processing**

As a general rule, purchase orders should be raised for all goods and services, prior to the actual placement or request for goods and services with suppliers. The exception to this is for agreed SLA's and contracts that are approved separately and monitored via the budget monitoring process.

A requisition form should be completed by the requesting member of staff / budget holder.

Where goods/services costs exceed £8,000, 3 quotes should be obtained (**where possible**) to demonstrate value for money. **Suitable explanations should be provided to the Central Team where 3 quotes have not been obtained.** Where the cheapest option is not selected, reasons should be documented for the basis of the purchase with the selected supplier. This may be completed either electronically or manually. It should be noted that where a purchase order is raised and appropriately authorised, a requisition form would not be required in such instances.

Dialogue may be necessary with the TBM / TFM's at this stage to ensure that sufficient funds are available in the budget for the purchase required.

The requisition form (and quotes where applicable) should be presented to the Headteacher of each School.

The authorised requisition form is then referred to the Office Manager for an official order to be raised in ACCESS and sent to the supplier.

Where an authorised requisition form by the Headteacher is in place, the official order may be signed by the Office Manager. In the absence of an authorised requisition form, the official order should be certified by the Headteacher.

The value of the purchase order is committed against the relevant budget code within ACCESS and reduces the budget availability. This assists in the budget monitoring process to ensure that individual budgets are not overspent.

The purchase of goods and services using Trust funds for private use by staff /governors / trustees is not permitted.

## **12.2 Goods Received / Deliveries**

Goods are usually received by Reception. All deliveries must be checked for quantity to the delivery note, where applicable, and signed at the point of delivery. It is acknowledged at this stage that the officer receiving the goods is not likely to be the officer that ordered the goods. The delivery should, therefore, be further checked by the ordering officer to ensure the correct goods (in terms of quantity and quality) have been received.

Any rejected / returned goods should be notified to the Office Manager in order to update the order accordingly.

## **12.3 Invoice Processing**

All invoices received should be passed to the Office Manager for registration onto ACCESS against the relevant purchase order, where appropriate. The invoice can then be processed for payment without further verification checks providing that:

- The invoice description and value agrees to the authorised purchase order;
- A certified delivery note is in place for the goods received.

In the absence of any one of the above, the invoice will be referred to the requesting officer to check that the items invoiced agree to the original order and that the required goods have

been received. The invoice should be certified to this effect (date and initials).

Wherever possible, non-order invoices should be limited and supported with an appropriate requisition form. Where non order invoices are received, these will be referred directly to the member of staff initiating the expenditure (for example, emergency repairs ordered by the Site Supervisor) for checking and certification (date and initials) of goods / services received.

The Office Manager will create a 'completed BACS run report' which should be authorised by the Headteacher. At this point, the Headteacher may remove invoices for payment in the event of any dispute. The Office Manager will, therefore, need to re-run the 'completed BACS run report' with the identified invoice(s) removed.

The authorised 'completed BACS run report' should be scanned and emailed to the TFM for processing payment.

Purchased items over the value of £1,500 and items considered 'desirable' should be entered onto the fixed register/inventory at this point by the Finance/Office Manager. (Also refer to reference 22. Fixed Assets / Inventory)

#### **12.4 Payments – Cheques**

Payments by cheque will be considered on an exceptional basis only and will be approved following normal invoice approval procedures.

The cheques should be certified by two designated bank account signatories at each school and a copy held on file.

#### **12.5 Payments – BACS**

BACS payments will be processed on a weekly basis by the Office Manager (subject to workloads and priorities). An electronic file is obtained from ACCESS (this file should not be opened) and uploaded to the Lloyds Commercial online banking system by the TFM. At this point, the TFM can expect to see '**one line rejected**' only on the BACS upload report, if more than one line is rejected, the FM will need to withdraw the upload and investigate reasons for the rejection. Once cleared and uploaded, the payments may be approved by the FM by way of secure card and pin.

The Lloyds commercial online banking system will produce a 'payment detail report' which will list all authorised payments. This report should be checked against the authorised 'completed BACS run report' and certified by both the TFM and a designated bank signatory (CEO/EL/TBM) for accuracy and segregation of duties. A copy of this report should also be sent to the Office Manager for completeness of their records in school and should be filed with the respective invoices.

BACS remittances will be emailed automatically by ACCESS to the supplier, if an email address is listed. Where there is no supplier email address, the remittance will be sent to the finance@school email address. The Office Manager will need to print and post the remittance in these circumstances. It is therefore, beneficial to obtain a supplier email address wherever possible to maximise efficiency.

## **12.6 Credit Cards (School Purchasing Cards)**

Purchases by credit cards must be authorised in the same manner as official purchase orders – a requisition form must be completed and authorised by the Headteacher. Upon receipt of an authorised requisition form, the relevant credit card holder will purchase the required item(s) and retain all receipts.

A cashbook journal will be completed on a monthly basis, as part of the bank reconciliation process, to enter purchases onto the ACCESS system.

Credit cards will usually be utilised for internet purchases that are made only where there is a clear benefit to the school (for e.g. cheaper price/discount, better delivery time, unique product/supplier etc).

## **12.7 Charge Cards**

Charge cards should be obtained only where there is a direct benefit to the Trust. Approval should be obtained from the TBM.

Any charge cards should be registered in the name of the school and retained by the Office Manager (i.e. Carvers, etc).

Expenditure should be incurred only following permission from the Headteacher/TBM and any receipts returned to the Office Manager to enable verification against invoices when received. Invoices will be subject to normal checking, verification and authorisation processes prior to payment on a monthly basis.

## **13. Debt Management**

Invoices should be raised by the FM for services provided, including Lettings, Education Welfare Officer SLA etc, and should specify the payment term of 30 days.

The following process shall apply where payment is not received:

- 30 days after original invoice – statement issued
- 2 weeks after statement issued – reminder letter issued
- 2 weeks after reminder letter – second reminder letter issued
- 2 weeks after second reminder letter – refer to TBM and seek legal advice if deemed necessary

The delegation limits in relation to the 'write off' of bad debts is outlined in reference 3.4 of this policy and reference should also be made to the ATH, as appropriate.

### **Write-offs and entering into liabilities**

The Trust must obtain prior approval from the ESFA for the following transactions beyond the delegated limits described below:

- writing-off debts and losses
- entering into guarantees or letters of comfort; and

- entering into indemnities which are not in the normal course of business.

#### **Parent debts**

School Office Managers should ensure debts are not accrued by parents for school meals, school trips, clubs and any other chargeable activities. Where arrears reach a value of £30, discussions should be held with the Headteacher, where deemed appropriate, a hold should be placed on any chargeable activities when debts remain unpaid.

### **14. Investments**

The Trust does not currently hold any external investments. Where appropriate, consideration of any future investments will be made in accordance with the requirements of the ATH.

### **15. Use and Monitoring of Reserves (Capital and Revenue)**

#### **15.1 Identification of Reserves**

The Trust reserves the right to carry forward a prudent level of resources designed to meet long-term financial commitments and any other unforeseen contingencies, in accordance with the ATH and DfE requirements. Whilst there are no reserves' limits set out in the ATH, the Trust is required to report upon reserves as stipulated in the Academies Accounts Direction.

The Trust's level of reserves is informed by:

- forecasts for levels of income for current and future years, taking into account the reliability of each source of income;
- forecasts for expenditure for current and future years on the basis of planned activity;
- analysis of any future needs, opportunities, commitments or risks, where future income alone is unlikely to meet anticipated costs;

#### **15.2 Monitoring of reserves**

The level of reserves will be monitored throughout the year as part of the normal monthly monitoring and management accounts reporting processes to:

- identify when reserves are drawn on, the reasons and any corrective action, if any, that needs to be taken;
- identify when reserve levels rise or fall significantly, the reasons and any corrective action, if any, that needs to be taken;
- ensure that the treatment of reserves continues to be relevant as the Trust develops or grows.

#### **15.3 Reserve levels**

Funding received in any one year should be used to support the children on roll at the time unless there is a specific project which will require the accumulation of funding over more than one year.



The ESFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that Trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long term capital projects.

The DfE expects Trusts to use their allocated funding for the full benefit of their current pupils. It is, therefore, important that if the trust has a substantial surplus, there is a clear plan for how it will be used to benefit our pupils.

In the absence of a 'Reserves limit' stipulated by the DfE/ESFA, Trustees will seek to maintain a total level of up to 10% in reserves against total budgeted income.

## **16. Personnel & Payroll**

### **16.1 Staff Appointments**

All staff are paid monthly through the approved payroll method. Individual records for each employee are created electronically and retained by the Office Manager of each school and will include the following:

- Employment contract
- Salary / Grade
- Personal and Bank account details
- Any other deductions / allowances payable
- Any subsequent documentation, for example, Letters of appointment, contracts, grade changes etc.

The Office Manager at each school is responsible for notifying both HR and payroll providers of all new appointments, leavers and contract changes for existing employees. All of which should be authorised by the Headteacher/EL. Changes to the Headteachers terms/conditions/salary should be subject to formal authorisation by the Chair of Trustees/CEO/EL.

### **16.2 Payroll Administration**

The TFM should be copied in to all correspondence issued to HR and Payroll to ensure salary forecast records are up to date for budget monitoring and payroll checking purposes.

### **16.3 Payments (including claims)**

Monthly payroll adjustments (i.e. overtime, unpaid leave, mileage claims etc) should be authorised by the Headteacher and submitted to the payroll provider by the Office Manager – copies of all claims submitted should be authorised by the Headteacher and retained in school.

A schedule of dates for payroll processing should be obtained from the payroll provider for the whole academic year.

Interim payroll reports will be received from payroll (as per the payroll schedule) for checking by the TFM. Payroll data is reconciled against the expected monthly salary figures and any

significant variances will be investigated with the payroll provider and corrected prior to the final payroll run.

The TFM will confirm agreement of the interim payroll report to be processed as the final run with the payroll provider. Following the final payroll run, payroll reconciliation records should be updated with the actual payroll figures, including forecast costs (these will be utilised to update the budget monitoring report).

The monthly payroll costs are posted to the relevant expenditure payroll codes in ACCESS via a 'journal' as soon as practicable following the final pay run and within the posting period in which the costs were incurred.

The treatment of 3<sup>rd</sup> party payroll deductions will be dependent upon the arrangements in place with the payroll provider.

#### **16.4 Mileage Allowances**

Where appropriate, prior approval should be obtained from the Headteacher to ensure the most cost-effective method of travel is agreed.

Mileage claims will be considered on a case-by-case basis by the Headteacher and paid on the nationally agreed rate by HMRC.

Please also see separate policy for **“Travelling Expenses Policy”**.

#### **16.5 Salary Advances**

Salary advances must be considered in exceptional circumstances only and must be approved by the CEO/EL in all instances.

#### **16.6 Compensation, Severance and Ex-Gratia Payments**

Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. If the trust is considering a compensation payment, it must follow the requirements specified in the ATH.

Staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. In accordance with the ATH, the Trust **must** obtain prior approval from the ESFA before making a special staff severance payment where:

- an exit package which includes a special severance payment is at, or above, £100,000: and/or
- the employee earns over £150,000

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. Ex gratia transactions must always be referred to ESFA for prior approval. If the trust is considering any case for ex-gratia payment above statutory or contractual entitlements, it must follow the requirements as specified in the ATH.

#### **16.7 Off-payroll workers / (IR35)**

The off-payroll working rules can apply if a worker (sometimes known as a contractor)

provides their services through their own limited company or another type of intermediary to the client.

An intermediary will usually be the worker's own personal service company, but could also be any of the following:

- a partnership
- a personal service company
- an individual

The rules make sure that workers, who would have been an employee if they were providing their services directly to the client, pay broadly the same Income Tax and National Insurance contributions as employees. These rules are also known as 'IR35'.

Where the Trust is likely to engage with an individual for goods/services, you can use the 'Check Employment Status for Tax' service to help you decide if the off-payroll working rules apply. (Refer to the government website).

## **17. Related Party Transactions / Conflicts of Interest**

### **17.1 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 Trustees, Directors, Members and staff with significant financial or spending powers are required to declare any financial interests they have in companies and/or individuals from whom the Trust and schools may purchase goods or services.

The register should include all business interests such as directorships, share-holdings and/or other appointments of influence within a business or organisation which may have dealings with the Trust or individual school. 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 director or a member of staff by that person.

Where an interest has been declared, Trustees, Members and staff should withdraw from that part of any committee or other meeting and should not be involved in the procurement process.

Please also see separate policy for "**Related Party Transactions Policy**".

Please also see separate policy for "**Conflict of Interest Policy**".

## **18. Tendering Procedures**

### **18.1 Process Agreement and Limits**

The following procedures provide a formal framework that should be adhered to when procuring goods and services that exceed £50,000 (in accordance with delegated authorisation levels as stipulated in this policy).

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 (but less than the 'Find a Tender' thresholds) must be subject to formal tendering procedures to ensure that the Trust can demonstrate accountability, fairness and transparency within the procurement process to establish trust-wide contracts with a view to achieve best value for money and economies of scale.

Where appropriate, the Trust may commission an independent external company to facilitate the tendering process for specific goods/services that require specialist knowledge. Reasons for this approach should be documented and agreed by the CEO/Trustees.

## **18.2 Forms of Tender**

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below:

### **18.3 Open Tender**

All potential suppliers are invited to tender. The TBM must discuss and agree with the CEO/EL how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact them directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

### **18.4 Restricted Tender**

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 school's requirements;
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering

### **18.5 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.

### **18.6 Preparation for Tender**

Full consideration should be given to:

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

After all requirements have been established, these should be suitably ranked (i.e. mandatory, desirable and additional) and used as a basis to award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

### **18.7 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
- implementation of the project
- terms and conditions of tender
- form of response
- the date and time by which the completed tender document should be received by the Trust.

### **18.8 Tender Acceptance Procedures**

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 there are exceptional circumstances and agreed by the CEO or a member of the FGP/RA Committee.

### **18.9 Tender Opening Procedures**

All tenders submitted should be opened at the same time by at least two of the following people:

- Member of the FGP/RA committee
- Chief Executive Officer
- Executive Leader
- Headteachers
- Trust Business Manager
- Budget holder / Project Lead (i.e. ICT co-ordinator, Head of Year)

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.

### **18.10 Tendering Evaluation Procedures**

The evaluation process should involve at least two people with no conflicts of interest, 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.

Aspects to consider when evaluating tenders:

- Comparisons should be made with 'like for like' and if a lower price means a reduced service or lower quality this must be taken into account 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
- Pre-sales demonstrations
- After sales service
- Financial status of supplier

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.

Full records should be kept of all criteria used for evaluation. A report should be prepared for the FGP/RA Committee highlighting the relevant issues and recommending a decision.

The accepted tender should be the one that is economically most advantageous to the Trust. Where this is not the case, a full explanation of the basis for the decision should be included in the report to FGP/RA Committee.

All parties should then be informed of the decision in writing.

### **18.11 Limited Tendering Procedure**

The Limited Tendering procedure is a procurement method where the Trust contacts a supplier or suppliers of its choice, provided it does not use this provision for the purpose of avoiding competition among suppliers or in a manner that discriminates against suppliers of any other Party or protects its own suppliers.

Where the Trust is unable to source more than 3 suppliers for provision of specific goods/services, justification should be formally documented and prior approval sought in accordance with delegated authorisation levels (as detailed under reference 3.4).

## **19. Insurance**

Insurance cover for the primary schools is arranged via the DfE's Risk protection Arrangements' (RPA) scheme. Payment for this is deducted directly from GAG funding by the Education Skills & Funding Agency (ESFA).

The TBM will immediately advise its insurers of any accident, loss or other incident which may give rise to an insurance claim.

## **20. Leases**

All leases are arranged and negotiated by the TBM and approved within designated delegations.

Leases are currently at school level for copiers/printers and water coolers only. The TBM will renegotiate Trust leases upon expiry with a view to take advantage of economies of scale and secure value for money.

Finance leases are not permitted under any circumstances.

## **21. VAT**

The trust is not registered for VAT and can claim VAT costs for non-business activities using the VAT126 scheme.

All suppliers entered onto ACCESS must have a VAT registration number to enable the reclaim of VAT from HM Revenues & Customs (HMRC).

VAT reports should be obtained from ACCESS on a monthly basis, as part of month-end procedures.

A consolidated claim for VAT reimbursement must be submitted by the **Central Finance Team** to HMRC on a monthly basis. Reimbursements to each school will be completed upon receipt as soon as practicable by the TFM.

Reconciliation of the VAT control account must be completed for monitoring purposes and to ensure that income due has been received.

It should be noted that where a valid VAT invoice/receipt is not in place, then these items should be excluded from the VAT claim.

## **22. Fixed Assets / Inventory**

All items purchased with a value over the Trust's capitalisation limit of £1,500, or any items considered desirable, must be entered onto the asset register subject to conditions of the Fixed Asset & Depreciation policy. The asset register should include the following information:

- Asset description
- Date of acquisition and purchase order number, where applicable
- Asset cost
- Depreciation method
- Current book value

The asset register/inventory will be maintained by the Office Manager for each school and subject to physical verification on an annual basis by two members of staff to maintain integrity of the check.

Any variances between the register and the physical check should be documented and investigated, and where significant, reported to the Headteacher /EL in the first instance and Governing Body/Trustees, as required.

All reasonable measures should be in place to ensure that assets, in particular, ICT assets are held securely in school with allocated responsibility to staff members, i.e. ICT Co-ordinator should ensure all computer equipment is securely held and ICT asset register is updated accordingly following new purchases, disposals, missing items etc.

All disposals must be conducted by the Office Manager, in liaison with the Headteacher / TBM. Following identification of surplus assets, a 'disposal of asset' form should be completed by the Headteacher and forwarded to the FM who will identify the net book value in conjunction with the TBM. Disposals are individual in nature but all stages must be clearly recorded with any resulting financial transactions entered onto ACCESS.

### **23. Loan of Assets**

Trust assets must not be removed from any school premises without approval from the Headteacher. Any loan of assets must be recorded as 'booked out' in the fixed asset register and 'booked in' when 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.

### **24. Transport**

The Trust does not currently hold any vehicle leases.

In the event that the Headteacher wishes to procure a vehicle for the school, all aspects of this should be discussed with the TBM in the first instance and agreed with the CEO/EL.

It is the responsibility of all employees to ensure they have adequate insurance cover for business use where their own cars are utilised for school purposes, this includes attendance at training courses.

### **25. Fraud and Whistleblowing**

Refer to the Trust's Anti-Fraud and Corruption Policy where instances of fraud have been identified.

Refer to the Trust's Whistleblowing Policy (Finance & Operations).