



FINANCIAL REGULATIONS

APPROVED BY THE FULL DIRECTORS ON

13th December 2018

Chair of Directors Signature	
Print Name	
Date	

CONTENTS

Scheme of Delegation - Authorisation and Monetary Limits

1. General
2. Day-to-day delegation
 - 2.1 Expenditure Limits
 - 2.2 Staff Appointments / severance payments / compensation payments
 - 2.3 Virements (budget transfers)
 - 2.4 Write Offs and Liabilities
 - 2.5 Disposals of surplus stocks, stores and assets
 - 2.6 Receiving of Goods / Acknowledgement of Service
 - 2.7 Mileage Allowances & Subsistence claims
 - 2.8 VAT Returns
 - 2.9 Financial Notice to Improve
3. Organisation
 - 3.1 The Directors
 - 3.2 The Finance, Personnel and Premises Committee
 - 3.3 The Headteacher and Accounting Officer
 - 3.4 The Chief Financial Officer
 - 3.5 Internal Scrutiny
 - 3.6 Other Staff
 - 3.7 Register of Interests, Gifts and Hospitality
 - 3.8 Trading with Connected Parties
4. Accounting System
 - 4.1 Introduction
 - 4.2 System Access
 - 4.3 System Back-up Procedures
 - 4.4 Transaction Processing
 - 4.5 Transaction Reports
 - 4.6 Reconciliations
5. Financial Planning and Review
 - 5.1 Development Plan
 - 5.2 Annual Budget
 - 5.3 Budget Planning
 - 5.4 Balancing the Budget
 - 5.5 Finalising the Budget
 - 5.6 Budget Monitoring and Review
 - 5.7 Financial Returns
6. Payroll and Personnel
 - 6.1 Staff Appointments
 - 6.2 Payroll Administration
 - 6.3 Payroll Process
 - 6.4 Payroll Returns
 - 6.5 Payments and Control Checks
 - 6.6 Retention of Records

7. Purchasing and Payment Procedures
 - 7.1 Routine Purchasing
 - 7.2 Internet Purchases
 - 7.3 Petty Cash
 - 7.4 Purchase Cards
 - 7.5 Lease Agreements
 - 7.6 Novel & Contentious Transactions

8. Tendering Procedures
 - 8.1 Introduction
 - 8.2 Forms of Tender
 - 8.3 Preparation for Tender
 - 8.4 Introduction to Tender
 - 8.5 Aspects to Consider
 - 8.6 Tender Instructions
 - 8.7 Tender Opening Procedures
 - 8.8 Tendering Evaluation & Acceptance

9. Income
 - 9.1 General
 - 9.2 Custody
 - 9.3 Trips
 - 9.4 Catering / Meals
 - 9.5 Automated payments
 - 9.6 Lettings

10. Cash Management, Banking and Investments
 - 10.1 Cash Management and banking
 - 10.2 Investments
 - 10.3 Borrowing

11. Fixed Assets
 - 11.1 Introduction
 - 11.2 Fixed Asset register
 - 11.3 Disposals
 - 11.4 Assets on Loan

12. Directors' / Trustees' Allowances
 - 12.1 Policy and Regulations
 - 12.2 Allowance Rates
 - 12.3 Authorisation

13. Insurance

14. Internal Control
 - 14.1 Introduction
 - 14.2 Responsibilities
 - 14.3 Separation of Duties

15. Whistleblowing

Scheme of Delegation - Authorisation and Monetary Limits

These limits are taken from the financial regulations that were approved by the Full Directors on: 20/10/2016

Authorisation Limits

Expenditure Limits

Headteacher	Up to £25,000 (approved SDP expenditure) £10,000
Deputy Headteacher	Up to £5,000
FPPC	Unbudgeted expenditure / Exceeding budget from £10,000.01 needs to be authorised by the FPPC

[The Chair of the FPPC has authority to approve all such expenditure on behalf of the finance committee]

The Chair of Directors has authority to approve all such expenditure on behalf of the Full Directors where this has been previously approved in principle as part of the original budget plan]

Cheque Signatories

Two signatories	Up to £10,000
Chair of Directors (plus one other)	Over £10,000.01

Virement Limits

Headteacher / Principal	Up to £20,000
FPPC & Full Directors	From £20,000.01 and up
Notify EFSA if considered significant	

Writing off bad debts

School Business Manager	Up to £25
Headteacher / FPPC (reported to FGB)	£25.01 and above

Approval from EFSA	Above amount in annual funding letter or as per delegated limits specified in section 3.6 of the Academies Financial Handbook 2016
--------------------	---------------------------------------------------------------------------------------------------------------------------------------------

Disposal of Surplus Stock, Stores & Assets (estimated value)

Headteacher	Up to £250
FPPC	From £251 to £5,000
Full Directors	Over £5,000.01
Full Directors plus prior approval of EFSA	Freehold land & buildings/heritage assets as per section 3.8 of the Academies Financial Handbook 2016

Other Monetary Limits

Mileage Allowance

HM Revenue & Customs approved rate

Petty Cash

£250

**Safe Cash/ Cheque limits
(as per our insurance policy)**

£3,000 – cash
£5,000 – cheques (recorded at point of receipt)
£500 monetary instruments i.e. stamps, vouchers

Ordering Procedures

3 Competitive quotations
(written evidence required)

£5,000 - £50,000

Tendering procedure

Over £50,000.01

Tendering procedure + OJEU

€209,000+ (Euros) for supplies and services

Tendering procedure + OJEU

€5,225,000+ (Euros) for works

Asset Register

Capitalisation limit

Over £1,000

Attractive portable items

Over £250

1. GENERAL

- 1.1 In accordance with the Academies Financial Handbook and Education and Skills Funding Agency (EFSA) updates, the Directors of Thames View Infants hereby recognise the need to lay down formally a policy for the overall management of the Academy budget and the day-to-day management of the Academy's financial affairs.
- 1.2 The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform to the requirements both of regularity, propriety, and value for money. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Education and Skills Funding Agency (EFSA).
- 1.3 The academy must comply with the principles of financial control outlined in the academies guidance published by the EFSA. This manual expands on that and provides detailed information on the academy's accounting procedures and systems. This manual should be read by all staff and Directors involved with financial procedures and it should be readily available.
- 1.4 The general conditions that follow are subject to annual review and consideration by the Board of Directors, who must formally minute both the review and any subsequent amendments and approval each year.
- 1.5 The Board of Directors confirms that failure to observe these conditions is considered a serious matter and might involve disciplinary procedures being taken against the individual concerned.
- 1.6 The Board of Directors confirms that day-to-day financial management of the Academy is delegated to the Headteacher subject to exceptions contained in these regulations.
- 1.7 Throughout these conditions, delegation to the Headteacher shall imply further delegation to the Deputy Headteacher when the Headteacher is not on the Academy site. Where the Headteacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual(s) concerned, reported to the Board of Directors in writing and incorporated in these conditions.
- 1.8 Whilst the main financial responsibilities are listed for the Board of Directors and Finance, Premises & Personnel Committee, their terms of reference are not included in this document. Similarly, all the financial duties of academy staff are not listed but may be found in their job descriptions.
- 1.9 The Board of Trustees of the academy trust must appoint, in writing, a senior executive leader (Headteacher or chief executive) who should be appointed as the Accounting Officer and who must have appropriate oversight of financial transactions as per section 2.1.8 of the Academies Financial Handbook 2016

2. DAY-TO-DAY DELEGATION OF AUTHORITY

2.1 Expenditure Limits

- 2.12 The Deputy Headteacher is able to authorise expenditure for day-to-day items and services up to £5,000 on any one item (excluding utility charges and annual contracts where the approximate cost has clearly been documented and approved in the annual budget) as long as an adequate budget provision exists.
- 2.13 A sequence of orders all within the above limit to cover a larger order or orders is not permitted.

Authorisations up to £25,000 are to be referred to the Headteacher, and anything above to the FPPC, who has full authorisation to approve all such expenditure. Anything over £25,000 will also be reported to the Chair of Directors who has full authorisation to approve all such expenditure on behalf of the Full Board of Directors (where this has previously been approved in principle as part of the original budget plan). All new expenditure above £10,000 must be referred to the FPPC in advance of the expenditure taking place and then in due course the FGB for approval.

2.2 Staff Appointments

- 2.21 The Board of Directors has an approved Human Resources (HR) service provider for the academy. Changes can only be made to this SLA with the express approval in the first instance of the Finance, Premises & Personnel Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 2.22 Appointments must fall within the guidelines of the academy's pay policy.
- 2.22 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteachers whose appointments must follow consultation with the Directors. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Human Resources (HR) service provider immediately.
- 2.23 All relevant forms and paperwork with regard to the appointment of, or amendment to contracts, of staff should be sourced from the academy's Human Resources (HR) service provider.
- 2.24 All personnel pre-employment checks should be completed and relevant clearances obtained for all staff before they start their employment and renewed as per the academy's personnel policies.
- 2.25 **Special staff severance payments:** The Board of Directors has authority to approve individual staff severance payments as per section 3.7.6 of the Academies Financial Handbook 2016, provided any non-statutory/non-contractual element is under £50,000. The academy trust should demonstrate value for money by applying a high level of scrutiny to all severance payments regardless of amount and have a business case justifying the level of settlement reached. Where the trust is considering a non-statutory/non contractual payment of £50,000 or more EFSA's prior approval must be obtained before the Board of Directors makes any binding settlement offer to staff.
- 2.26 **Compensation payments:** If the academy trust is considering making a compensation payment (as defined in section 3.7.8 of the Academies Financial Handbook 2016) the decision must be based on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved. Academy trusts have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the trust is considering a non-statutory/non contractual payment of £50,000 or more EFS's

prior approval must be obtained.

2.3 Virement (Budget Transfer) Limits

- 2.31 The Headteacher is able to authorise virements between individual cost centres up to a limit of £20,000. Virements over this amount are to be referred to the FPPC, who have authorisation to approve virements for anything above this amount, (in accordance with the scheme of delegation).
- 2.32 All virements, including increases to income, are to be formally recorded on controlled stationery that is sequentially numbered and bears the relevant authorised signatures and may also be individually referenced on the academy's financial accounting system.
- 2.33 All virements, regardless of value, must be reported to the FPPC at the next meeting.

2.4 Write offs and liabilities

The School Business Manager can authorise minor write offs up to a value of £25. The Headteacher may authorise writing off bad debts over this amount. All requests for write offs are to be referred to the FPPC at the next meeting. Write offs exceeding £45,000 will require full Directors and EFSA approval as per section 3.6.1 of the Academies Financial Handbook 2016.

- 2.41 The trust should always pursue recovery of overpayments within practical and legal limitations. The trust should only consider writing off losses if there is no feasible alternative. For any write offs above the value in the annual funding letter or as defined by the Academies Financial Handbook 2016 section 3.6, authorisation will be required from the Education and Skills Funding Agency.
- 2.42 A sequence of smaller write offs within the above limits to cover a larger write off, is not permitted.

2.5 Disposal of Surplus Stocks, Stores and Assets

- 2.51 The Headteacher can dispose of surplus stocks, stores and assets to the value of £250 (per annum) without prior authorisation from the Board of Directors. All disposals to this value must be reported to the FPPC at the next possible meeting. Authority for disposals above this amount can only be given in accordance with the specified limits and as per the guidance in the Academies Financial Handbook 2016 section 3.8.2.
- 2.52 All disposals must be formally recorded in the minutes and in addition, where the amount exceeds £5,000 a separate report will be issued to the Full Directors for their approval.
- 2.53 Disposal of a heritage asset beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally must be pre-approved by the EFSA as per section 3.8.1 of the Academies Financial Handbook 2016.
- 2.54 Disposal of freehold of land or buildings must be pre-approved by the EFSA as per section 3.8.1 of the Academies Financial Handbook 2016.

2.6 Receiving of Goods / Acknowledgment of Service

Receiving of goods and signing of delivery notes will not in normal circumstances be undertaken

by the person authorising payment. For day to day operations therefore, receiving and signing for goods and services etc. will be by Office Staff who are not involved in the authorisation process.

2.7 Mileage Allowances and Subsistence Claims

- 2.71 The Academy will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out by HM Revenue & Customs.
- 2.72 The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers and that indemnifies the Academy against any claim.
- 2.73 A VAT registered fuel receipt must accompany every mileage claim, indicating that duty has been paid on sufficient fuel for the distance covered (approximately 27% of the mileage claimed) in order for the Academy to be able to reclaim VAT.
- 2.74 All expense claims are to be authorised by the Headteacher / Deputy Headteacher.
- 2.75 The Chair of Directors must sign any claims relating to the Headteacher.
- 2.76 Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases, i.e. rail/bus fares, subsistence, telephone calls, postage and any other purchases that may be approved.
- 2.77 Rates of subsistence will be paid up to the rates below, will not include claims for alcohol and must be supported by receipts whatever the expenditure:-

Breakfast	£5
Lunch	£10
Evening Meal	£20

The Academy may not reclaim VAT without a proper VAT receipt.

- 2.78 Academies making payments for employees' expenses through payroll and therefore paying tax on all their benefits do not need to submit a P11D for those employees, but do still need to submit a P11D(b) in order to pay any Class 1A National Insurance owed. Routine employee expenses & benefits such as business travel, phone bills, business entertainment expenses, uniform and tools for work do not have to be reported to HMRC if the academy pays HMRC's benchmark rates for allowable expenses. For expenses paid on the academy's own bespoke rates to employees, the academy must apply for an exemption. Previous dispensations ceased to apply after 5 April 2016.

Further guidance on dispensations can be found on the following link to the HMRC website:

<https://www.gov.uk/employer-reporting-expenses-benefits/dispensations>

<https://www.gov.uk/government/publications/payee-employer-expenses-and-benefits-exemption>

- 2.79 Academies making payments directly through their own bank account rather than via payroll:-

Properly completed claims should be paid locally by either cheque or BACs and all papers kept together for six financial years plus the current. It may be necessary to submit details of payments made and mileage travelled to HM Revenue & Customs.

2.8 VAT Returns

- 2.81 It is the responsibility of the School Business Manager to ensure that the academy's VAT is correctly accounted for in accordance with HMRC requirements and promptly claimed on a quarterly basis.
- 2.82 Specific advice on VAT matters should be sought from the HMRC, Academies Financial Handbook / Education and Skills Funding Agency bulletin updates and from the academy's external auditors.
- 2.83 If the academy decides not to register for VAT as the business income falls below the HMRC threshold for compulsory VAT registration, and therefore processes claims using the VAT126 system, it is the responsibility of the School Business Manager to monitor the business income to ensure the threshold limit is not exceeded in any 12 month period. In the event the limit is exceeded, the trustees /Directors must be made aware and HMRC notified of the change in status to enable the academy trust to become VAT registered.

2.9 Financial Notice to Improve

- 2.91 Aforementioned delegated authorities will be waived if the academy trust is subject to a Financial Notice to Improve.
- 2.92 All terms of the Financial Notice to Improve will be adhered to.

3. Organisation

The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for Directors and staff. The financial reporting structure is illustrated below:

3.1 The Board of Directors

The Board of Directors has overall responsibility for the administration of the academy's finances. The board of trustees should identify the skills and experience that it needs and address any gaps through recruitment and/or induction, training and other development activities. The board should also address this for any local governing bodies it has put in place.

The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the academy and the EFSA and in the academy's scheme of government.

The main responsibilities include:

- ensuring that funds are used only in accordance with the law, its articles of association, the board's powers under the Funding Agreement and the current Academies Financial Handbook
- ensuring proper stewardship of the funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use (value for money)

- ensuring the proper governance and conduct of the trust under the terms of the Charity Commissions guidance for academies in Academy Schools: guidance on their regulation as charities, and guidance notes: CC3: The Essential Trustee and CC8 – Internal Controls for Charities
- being aware of their statutory duties as company directors, which are set out in sections 170 to 177 of the Companies Act 2006
- appointment of a clerk who is someone other than a trustee, governor or the Headteacher/Principal
- approval of the annual budget
- appointment of the Headteacher and the Deputy Headteacher, in conjunction with the Headteacher (where applicable).
- ensuring an adequate process exists for independent checking of financial controls, systems, transactions and risks under section 2.3 Academies Financial Handbook 2016
- ensuring the maintenance and regular review of a register of the risks arising from the operation of the trust including the likelihood and materiality of each risk and how they are being managed or mitigated
- From 30 June 2016, ensuring the register of people with significant control (PSC) is filed with Companies House as part of the annual confirmation statement.
- approval of the academy's Financial Regulations and Scheme of Delegation
- appointing / agreeing the continued appointment of the trust's auditors and ensuring the contract takes the form of a letter of engagement for the external audit. Additional services purchased must have a separate letter of engagement specifying the precise requirements of the work and the fees to be charged; as per section 4.1.2 Academies Financial Handbook 2016
- approval of the annual financial statements and the accounting policies used to prepare the financial statements
- ensuring the trust has a clear plan for the use of any financial surplus for the benefit of the pupils as per section 3.10.1 Academies Financial handbook 2016
- approval of the Trustees' Annual Report and Governance Statement
- approval of the Terms of Reference of the FPPC

Apart from the above, delegation of the academy's financial matters to the FPPC

3.2 The Finance, Premises & Personnel Committee

The Finance, Premises & Personnel Committee is a committee of the Directors which may only conduct business when quorate. The Finance, Premises & Personnel Committee meets twice a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance, Premises & Personnel Committee are detailed in written terms of reference which have been authorised by the Board of Directors.

The responsibilities include:

- i. Initial review and authorisation of the annual budget (final approval must be by the Full Board of Directors)
- ii. Receiving monthly management reports, to facilitate the monitoring of the Academy's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary. Such action will be reported to the Board of Directors; in all cases liaison must be maintained with other appropriate committees.
- iii. Reviewing and monitoring of budget projections / medium term financial plans to ensure the Academy's budget is realistic and any financial decisions are sustainable.
- iv. Ensuring the annual accounts and returns are produced in accordance with the requirements of the Companies Act 1985 and the EFSA guidance issued to academies;
- v. Authorising the award of contracts and leases over £50,000 over the contract / lease lifetime
- vi. Authorising changes to the academy personnel establishment
- vii. Apart from the annual budget which must be approved by the Full Board of Directors, approval of

- cash flow forecasts and any other reporting requirements for the forthcoming financial year in accordance with the timescales dictated by the Academies Financial Handbook / Education and Skills Funding Agency updates.
- viii. Determining the Academy's financial priorities through the Academy Development Plan (ADP) the Asset Management Plan (AMP) and ICT Development plan.
 - ix. Making decisions on requests from other committees that will have an impact on the Academy's financial position.
 - x. Making decisions on expenditure within the Committee's delegated powers.
 - xi. Making decisions on virements within agreed budgets, within the Committee's delegated powers, and authorising any budgetary adjustments made.
 - xii. Advising the Board of Directors on the appropriateness, or otherwise, of virements to be made outside of the Committee's delegated powers.
 - xiii. Reviewing annually the Academy's Financial Regulations and Scheme of Delegation.
 - xiv. Reviewing annually the Terms of Reference of the Finance, Premises & Personnel Committee.
 - xv. Ensuring the Register of Business Interests is kept up to date.
 - xvi. Annually reviewing all ongoing contracts.
 - xvii. Reviewing the various leasing agreement schemes and options available to the Academy.
 - xviii. Awarding of contracts by tender up to a specified limit.
 - xix. Monitoring **all** spending and income received in the Academy including Trading Accounts
 - xx. Ensuring that funding from the Education and Skills Funding Agency and other sources is used only in accordance with any conditions attached.
 - xxi. Receiving and commenting on the content of any audit report or Responsible Officer report relating to Education and Skills Funding Agency funding and monitoring the implementation of the agreed action plan. These reports must also be reported to the Full Board of Directors.
 - xxii. Annually reviewing and appointing the independent external auditor to the Academy
 - xxiii. Agreeing and determining appropriate charges for lettings of the premises, in line with the Academy's lettings policy.
 - xxiv. Ensuring the Academy has appropriate internal financial controls in place and adheres to the policies and procedures as set out within the Academy Financial Handbook / Education and Skills Funding Agency updates.

3.4 The Headteacher and the Accounting Officer

Within the framework of the academy development plan as approved by the Board of Directors the Headteacher has overall executive responsibility for the academy's activities including financial activities. The Headteacher is appointed as the designated Accounting Officer who is personally responsible to Parliament. The role of the Accounting Officer must not rotate. Accounting Officers have a personal responsibility for:

- assuring the board that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law
- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- economic, efficient and effective use of all the resources in their charge (value for money) in order to achieve the best possible educational outcomes
- providing Directors with the relevant information on 'value for money' for inclusion in the annual governance statements.
- the management of opportunities and risks
- acting under section 1.5.23 of the Academies Financial Handbook 2016 if they consider at any time that the Board is failing to act under the terms of the Handbook or the Funding Agreement
- notifying the EFSA's accounting officer immediately and in writing, if the accounting officer considers that action proposed by the board is in breach of the articles, the

- funding agreement or the academies financial handbook, and they intend to proceed despite having been advised that the action contravenes the aforementioned regulations.
- adherence to the 'seven principles of public life'.

Much of the financial responsibility has been delegated to the School Business Manager but the Headteacher retains responsibility for:

- ensuring that bank accounts, financial systems and financial records are operated by more than one person
- safeguarding the trust's property to prevent losses and misuse including maintenance of adequate fixed asset registers
- keeping full and accurate accounting records
- preparing accruals accounts in accordance with existing accounting standards
- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them;
- authorising contracts up to £50,000 in conjunction with the FPPC
- signing cheques / authorising BACS payments in conjunction with the Deputy Headteacher or other authorised signatory.
- signing the academy's annual Governance Statement, jointly with the Chair of Directors (see latest Academy Accounts Direction)
- signing the academy's annual Statement on Regularity, Propriety and Compliance (see latest Accounts Direction), to be submitted to the EFSA annually with the audited accounts, and other returns as required by the Education and Skills Funding Agency.

3.5 The Chief Financial Officer

The academy trust must have a Chief Financial Officer, appointed by the trust's board, who is the trust's School Business Manager and who works in close collaboration with the Headteacher through whom he or she is responsible to the Directors. The main responsibilities of the Chief Financial Officer are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Directors;
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
- the preparation of monthly management accounts
- VAT returns
- ensuring forms and returns are sent to the EFSA in line with the timetable in the published guidance and bulletins.

3.6 Internal Scrutiny

3.61 The academy trust must manage the programme of risk review and checking of financial controls in a manner most appropriate to their circumstances:

- Appointment of an internal audit service, either bought –in or provided by a sponsor
- Performance of a supplementary programme of work by the trust's external auditor

3.62 The trust's elected form of internal audit will complete a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as set by the Board of Directors. A report of the findings from each review visit will be presented to the Finance, Premises & Personnel Committee.

3.7 Other Staff

Other members of staff, primarily the Finance Manager, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

3.8 Register of Interests, Gifts & Hospitality

- 3.81 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 the academy trust must maintain a Register of Interests which captures relevant business and pecuniary interests of members, trustees, local Directors of academies within a MAT, senior employees and staff with significant financial or spending powers.
- 3.82 The register is reviewed annually and is open to public inspection. It should include all business interests such as directorships, partnerships, employments, share-holdings or other appointments of influence within a business or organisation which may provide goods or services to the trust; trusteeships and Directorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the trust. For each interest the register must show the name of and nature of the business, the nature of the interest and the date the interest began.
- 3.83 The register must identify any relevant material interests arising from close family relationships between the academy trust's members, trustees or local Directors; and also those arising from close family relationships between those individuals and employees. It must also include business interests of relatives such as a parent or spouse / cohabitee or business partner where influence could be exerted over a governor or a member of staff by that person. The register may include other employees of the trust.
- 3.84 In addition to the register of business interests, all Directors and staff must declare interests whenever they are relevant to matters being discussed by the Directors or a committee at each meeting. Where an interest has been declared, Directors and staff should not attend that part of any committee or other meeting. The opportunity should also be given for Directors and staff to declare previously undeclared interests at every meeting.
- 3.85 The Trust will publish the relevant business and pecuniary interests, including governance roles in other educational institutions, of trustees and members (taken from the Register of Business interests) on their website. If the trust's accounting officer is not a trustee, their relevant business and pecuniary interests must also be published on the website. The trust will publish the full Register of Business Interests on their website.

3.86 Register of people with significant control (PSC)

Persons with significant control are defined as members holding more than 25% of the voting rights, either directly or indirectly. If there are 4 or less members in the Trust, they will all be classified as PSC's.

From 06 April 2016 the trust will maintain a register of persons who have significant control. From 30 June 2016, the trust will file information on the register with Companies House as part of a new annual confirmation statement which replaces the annual return. Where there are no PSC's the trust must put the following statement in the register:

“The company knows or has reasonable cause to believe that there is no registrable person or registrable relevant legal entity in relation to the company”.

3.87 **Gifts:**

The trust should have a policy on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise their personal judgement or integrity. Where such benefits have been received, they should be recorded in the register detailing, for each occasion, the nature of the benefit and the donor. When giving gifts, the trust must ensure that the value of the gift is reasonable, is within the trust’s scheme of delegation, the decision is fully documented and has regard to the propriety and regularity in the use of public funds.

3.88 Academy trusts must ensure that:

- no trustee, governor, employee or related individual or organisation gains from their position by receiving payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust;
- no payment(s) are made to any trustee by the trust unless such payment(s) is/are permitted by the Articles and (where applicable) comply with the terms of any relevant agreement entered into with the Secretary of State. Academy trusts will in particular need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest;
- any payment provided to the persons referred to in section 3.2.2 of the Academies Financial Handbook 2016 satisfies the no-profit principles set out in section 3.2 of the Handbook;
- there is probity in the use of public funds.

3.9 **Trading with Connected Parties**

3.91 From 7 November 2013, Academy trusts must pay no more than ‘cost’ (direct and indirect) for goods or services provided by connected parties as defined by the Academies Financial Handbook 2016 section 3.2.2

3.92 De minimus - The ‘at cost’ requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the trust. Where a contract takes the cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.

Cost is defined as ‘full cost’, that is the direct and indirect costs of all the resources used in supplying the goods or services, but **MUST NOT** include any element of profit.

3.93 The academy trust must ensure that any agreement with a connected party to supply goods or services to the trust is properly procured through an open and fair process and is supported by a statement of assurance from the individual or organisation to the trust confirming the charges do not exceed the cost of goods or services and, following the basis of an open book agreement, including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

3.94 For organisations supplying legal advice or audit services to the academy trust, the ‘at cost’ requirement only applies where the organisation’s partner directly managing the service is a member or trustee of the trust, but **not** in other cases. The ethical standards for auditors prevent partners or employees of the audit firm from acting as a trustee of their client trust, but not of other trusts.

3.95 The ‘at cost’ requirement does not apply to the trust’s employees unless they are also a connected party as defined in the Academies Financial Handbook (AFH).

- 3.96 Should any connected parties as defined in AFH, be based in, or work from the academy trust's premises, an appropriate sum must be charged for use/occupation of the premises where they are carrying out work that is **not** for the trust.
- 3.97 Additionally, salaries paid under contracts of employment should be appropriate to the individual's skills and experiences and to the salary rates paid in the wider market.

4. Accounting System

- 4.1 All the financial transactions of the academy must be recorded on the academy's financial accounting system (FAS). The FAS is operated by the Finance Department and consists of:

Budgets
Journals
Nominal Ledger
Transactions
Purchases Ledger
Sales Ledger
(and other elements within PSF)

4.2 System Access

- 4.21 The academy must be registered under the Data Protection Act.
- 4.22 Entry to the FAS system is password restricted and the School Business Manager is responsible for implementing a system which ensures that employees' passwords are changed at least every year.
- 4.23 The password for each user will be written down and kept in separate sealed envelopes in the academy safe which should carry the date reference of the last password change.
- 4.24 The School Business Manager is responsible for allowing access by designated employees to authorised levels only.

4.3 System Back-up Procedures

- 4.31 The ICT is responsible for ensuring that there are effective back up procedures for the system. Data should be copied onto removable medium and the copies stored in a secure place in a fireproof and water resistant container away from the server or on secure online back-up systems. Back-ups should be done daily and additional ones considered before major financial procedures are applied to the financial accounting system, i.e. at year end.
- 4.32 The back-ups should not be recorded on the same tape each time as this would result in only one copy being available. In order to provide more protection from the loss of data at least three different tapes should be used in rotation and stored in different locations.
- 4.34 The School Business Manager must prepare a disaster recovery / business continuity plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Directors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

4.4 Transaction Processing

- 4.41 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.
- 4.42 All journal entries must be documented on the appropriate journal form and authorised by the Headteacher
- 4.43 Bank transactions should be input by the Finance Manager and the input should be checked, and signed to evidence this check, by the Headteacher.
- 4.44 Detailed information on the operation of the FAS system can be found in the user manuals held in the Finance Office.

4.5 Transaction Reports

The School Business Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- Master file amendment reports for the payroll, purchase ledger and sales ledger
- Trial balance
- Management accounts summarising expenditure and income against budget at budget holder level, i.e. cost centre summaries.
- Internal Control Evaluations

4.6 Reconciliations

- 4.61 The School Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account
 - purchase ledger control account
 - payroll control account
 - VAT control account
 - all suspense accounts
 - bank balance per the nominal ledger to the bank statement
- 4.62 Any unusual or long outstanding reconciling items older than 6 months must be brought to the attention of the Headteacher, who will review and sign all reconciliations as evidence of the review.

5. FINANCIAL PLANNING AND REVIEW

The academy prepares both medium term (3 years) and short-term financial plans. The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives will be achieved within the expected level of resources over the next three years and provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below:

5.1 The School Development Plan

5.11 The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated. The form and content of the development plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the Education and Skills Funding Agency.

5.12 Development Planning Cycle

Each year the Headteacher will propose a planning cycle and timetable to the Directors which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives – "are the aims still relevant?"
- development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and feedback into the next planning cycle – "what worked successfully and how can we improve?"
- The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher.

5.13 Development Plan Content

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

5.14 Development Plan Monitoring

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Directors if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

5.2 Annual Budget

5.21 The School Business Manager is responsible for preparing (in conjunction with the Headteacher) and obtaining approval for the annual budget. The budget must be approved by the Board of Directors and that approval must be minuted.

5.22 The approved budget must be submitted to the Education and Skills Funding Agency in accordance with their published deadline each year and the School Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

5.23 The annual budget will reflect the best estimate of the resources available to the academy for the

forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

- 5.24 Detailed records will be kept of all information used in preparing the budget including estimation of staffing requirements and calculations of all costs cross referenced to any assumptions made.
- 5.25 The annual budget will be profiled to facilitate a cash flow estimate for each month.

5.3 Budget Planning

5.31 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of EFSA grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- consideration of asset management plans and surveys.
- ensuring that the academy has budgeted business plans in place for all trading activities e.g. catering, uniform sales etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required from the budget to cover a budgeted deficit, then this must be formally approved by the Directors and recorded in the minutes of the meeting at which it was discussed and agreed. All budgeted business plans should be clearly linked to the Academy Development Plan.

5.4 Balancing the Budget

- 5.41 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance.
- 5.42 The Board of Directors must approve a balanced budget, and any significant changes to that budget (virements) for the financial year, which can draw on unspent funds brought forward from previous years. The board must minute their approval of the original budget and all subsequent virements.
- 5.43 If a deficit is expected, after having reviewed all possible avenues, i.e. cuts and redundancies, and taking into account unspent funds from previous years, the board of trustees must contact the Education and Skills Funding Agency within 14 days for further instruction before setting a deficit budget.
- 5.44 If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. It is important that, if the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils, including long-term capital projects.

5.5 Finalising the Budget

- 5.51 Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Manager for approval by the Headteacher, the FPPC and the Board of Directors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 5.52 The budget should be seen as a working document which may need revising throughout the year as circumstances change.
- 5.53 The budget must be approved by the Board of Directors. Once approved, the budget should be promptly loaded on the academy's financial accounting system and "fixed" as at the approval date. Any subsequent changes to the budget (virements, including changes to funding) should be in accordance with Section 2.3
- 5.54 A copy of the signed budget plan should be placed in the Directors's minute file and a further copy retained by the Headteacher.

5.6 Budget Monitoring and Review

- 5.61 Monthly reports will be prepared by the SBM. The reports will be system generated including actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Finance, Premises & Personnel Committee
- 5.62 A narrative report should accompany the system reports, including reasons for significant variances against budget and with a forecast of income and expenditure to the year end.
- 5.63 Any potential overspend against the budget must in the first instance be discussed with the SBM. The accounting system may be set up to not allow payments to be made against an overspent budget without the approval of Headteacher.
- 5.64 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, budget virements must be reported to the Finance, Premises & Personnel Committee in accordance with Section 2.3.
- 5.65 The academy's cash flow and reconciled bank statement/s should be updated and presented to the Finance, Premises & Personnel Committee at least quarterly and more often when there are significant overspends.
- 5.66 If financial monitoring reports are given in a non-system format, i.e. spreadsheets or user defined reports, then they will be reconciled with a system generated report. A nominated governor must be appointed to perform this reconciliation and minutes must record its satisfactory completion. This gives Directors clear assurance that the information being reported is a true reflection of that held on the accounting system.

5.7 Financial Returns

- 5.71 The SBM will be responsible for ensuring that all financial transactions are recorded on the academy's financial accounting system in accordance with the guidelines issued by the Education and Skills Funding Agency.
- 5.72 The SBM will be responsible for ensuring that Value Added Tax (VAT):
- is correctly accounted for on the academy's financial accounting system in accordance with Education and Skills Funding Agency and HMRC requirements
 - is properly and promptly claimed on a quarterly basis and supported by relevant system

reports and documentation to facilitate HMRC inspection and external audit.

- 5.73 The SBM will be responsible for preparing all the financial returns required by the Education and Skills Funding Agency including Budget Forecast, Annual Accounts, Accounts Return (AR), etc. and other organisations whose funding is linked to conditions of spending. All returns will be completed in the required timescales.
- 5.74 In order to give a true and fair view the financial statements for the annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must also be prepared in accordance with the accounting policies agreed by the Academy Trust's Directors. A copy of the SORP together with accompanying information sheets, other Charity Commission guidance and legislation are available to view and download from the Charity Commission website.
- 5.75 The Board of Directors is responsible for approving the academy's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the Education and Skills Funding Agency by the required deadlines. Details of the all financial information required are as set out in the latest Accounts Direction for the year being reported.
- 5.76 In addition to submitting accounts to the Education and Skills Funding Agency, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period. However, where an academy trust is preparing accounts for its first period after incorporation and is preparing them for a period of greater than 12 months, then under section 442 (3) of the Companies Act 2006 the accounts must be filed within 21 months of incorporation, or within 3 months of the end of the accounting period, whichever is the latter.
- 5.77 A copy of the annual report and audited financial statements must be sent to the companies' registrar on a timely basis and the registrar will levy an automatic penalty of at least £150 if accounts are filed late.
- 5.78 The Companies Act 2006 requires the Academy to publish its Annual Accounts and Annual Report. This will be done via the academy's website by the end of January following the financial year to which the accounts relate as per AFH AnnexC Schedule of requirements.
- 5.79 The EFSA's Financial Management and Governance Self-Evaluation (FMGS) return must be completed by all new academy trusts within four months of opening. Some new constituent academies may agree an alternative method of providing assurance in accordance with the guidelines contained in the FMGS template.

6. PAYROLL AND PERSONNEL PROCEDURES

6.1 Staff Appointments

- 6.12 Staff appointments will be authorised in accordance with Section 2.2
- 6.13 All Staff appointments are managed through our HR SLA and are in accordance with LBBD guidelines.

6.2 Payroll Administration

- 6.21 The academy's payroll is managed by LBBD, under the terms and conditions of the SLA.

6.3 Payroll Process

6.31 All staff are paid monthly via BACS through LBBB. A master file or personnel data file is created by LBBB for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

6.32 All amendments to pay including overtime, additional hours, contract changes, appointments and terminations must be documented using the required paperwork by the HR and Payroll providers and authorised by the Headteacher. All the documents are printed and signed and dated by the Headteacher and retained as a financial record for 6 years plus current.

6.33 Any payroll transactions relating to the Headteacher must be authorised only by the Chair of Directors or Chair of the FPPC.

6.4 Payroll Returns

6.41 The Academy will ensure that details of sickness and other absences will be authorised and notified to the payroll provider for processing on a monthly basis, using the Oracle system

6.42 Each month all relevant information is provided to the Payroll provider, in a timely manner, to meet the deadlines for both the mid-month and end of month pay runs. Information provided to Payroll Provider should be undertaken by the SBM. Before the payroll is processed a file of all data input should be obtained and this should be checked against source documentation by the SBM and then reviewed and initialled by the Headteacher (and Chair of Directors for Headteacher's payroll).

6.43 The academy must ensure that senior officers' payroll arrangements fully meet tax obligations and comply with HM Treasury's guidance regarding employment and contract arrangements of individuals on the avoidance of tax.

6.5 Payments and Control Checks

6.51 After the payroll has been processed but before payments are dispatched, a file of salary payments by individual and showing the amount payable in total should be obtained from the system. The file / print must be reviewed and authorised together with authority to release payment by the SBM and the Headteacher and evidenced via signatures on a full printout or via personal electronic authorisation.

6.52 The payroll provider automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and BACS payments for these amounts should be prepared by the payroll provider and authorised for payment by the SBM and the Headteacher

6.53 After the payroll has been processed the nominal ledger will be updated. The SBM should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

6.54 On an annual basis the SBM must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Headteacher's / Principal's office.

6.6 Retention of Records

- 6.61 Payroll records should be kept for 6 years plus current.
- 6.62 Pension records must be retained for 40 years.
- 6.63 All other records must be retained in accordance with current DfE / HMRC / Insurance guidelines.

7. PURCHASING AND PAYMENT PROCEDURES

The Academy wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of our 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.

Procurement advice for academies is available from the Department for Education's website:

<http://www.education.gov.uk/schools/leadership/typesofschools/academies/open/a00205176/procurementresource>

The trustees will include information on how the academy has achieved Value for Money annually as part of the financial accounts statements.

7.1 Routine Purchasing

Budget-holders will be responsible for requesting the purchase of items or services from their own budgets. This will be done by the appropriate budget-holder notifying the Headteacher / Deputy Headteacher of his or her requirements via Internal Order Form.

- 7.11 On receipt of the Internal Order Form (or notification), the Headteacher / Deputy Headteacher will determine that the appropriate budget has sufficient funds to meet the order. Where sufficient budgeted funds are identified, the Finance Officer will raise an official sequentially numbered Purchase Order to send / transmit to the supplier/contractor. Internal Order Forms will be saved.
- 7.12 Orders are to be authorised by the relevant person in accordance with Section 2.13. Paper copies of official orders will be kept in numerical sequence in a file in the Finance Office. Where appropriate, a copy of the official order will be sent to the budget-holder.
- 7.13 Any urgent order that is placed verbally should be entered onto the accounting system as soon as possible so that a purchase order can be setup to register the financial commitment. An internal pro-forma or confirmation Internal Order form should be used to notify the Finance Officer so that a commitment may be raised. It is not acceptable to wait until the invoice/ delivery note is received before entering a commitment onto the accounting system.

7.14 All invoices should be sent to the Finance Office and will be checked against the original order for accuracy (and delivery notes where appropriate) and entered promptly on the Academy's financial accounting system.

7.15 The cheque / BACS signatories are any two from the following:-

(please use job titles not individuals names – the SBM will not normally be a signatory unless it is for an item they have not ordered)

- Headteacher
- Deputy Headteacher
- Chair of Directors

For any cheque having a value of £10,000 and above then one of the signatures must be the Chair of Directors.

7.16 The SBM has control of the cheques / BACS and must ensure that:

- where continuous cheque stationery is used, the approved format is complied with.
- all cheques are securely stored and properly accounted for.
- cheque / BACS run / remittance reports are kept on file and are signed by at least one cheque signatory to confirm that all cheques have been accounted for.
- all cheques are entered correctly and promptly on the financial accounting system.
- spoiled cheques are marked as cancelled and retained.
- blank cheques are not pre signed.
- minimum remaining cheque levels are established with the bank.

7.17 The SBM must ensure that all prime records are retained for six financial years plus the current year and are stored in a secure and logical manner.

7.18 If discounts are available for prompt payment, then payments can be made immediately, having taken into account any loss of interest that might arise. If not, cheques / BACS will be issued in accordance with the trading terms of the individual contractor or supplier. Due regard must be taken of the 'Late Payment of Commercial Debts Regulations 2002'.

7.19 A copy of the computer-generated remittance advice relating to the cheque will be affixed to the original invoice, both of which will then be filed with the official order. Original invoices must be marked "paid" to ensure duplicate payments are not made, together with details of the cheque number, date sent etc.

7.191 Copy invoices are not to be paid unless exhaustive checks have been performed to confirm that payment has not previously been made. References back to the original order are to be made in every case. Once the checks have been made, the invoice should be signed to confirm this and endorsed "copy invoice not previously passed for payment".

7.192 Pro forma invoices can be paid, but the VAT cannot be claimed until the actual VAT invoice has been received.

7.193 Under no circumstances are payments to be made against supplier statements.

7.194 For any order or purchase which is estimated to be less than £5,000 in value, for the supply of goods, materials or services, the budget holder must follow the Academy's Best Value policy (if there is one).

7.195 Amounts between £5,000 and £50,000, will be subject to the receipt of at least 3 competitive

quotations. Documentary evidence of the various quotations must be obtained and attached to the purchase order and appropriately authorised. Where a quotation other than the lowest is accepted, the reasons for its acceptance must be documented, attached to the purchase order, and reported to the Board of Directors. All decisions made must be recorded in the minutes of that meeting for future reference.

- 7.196 Approval of contracts over £50,000 will only be made after following the tendering procedure as set out in **Section 8**.

7.2 Internet Purchases

At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation controls and independent management checking.

- 7.21 The Senior Leadership Team are authorised to place online purchases. Requests should be made to the Headteacher / Deputy Headteacher from the budget holder in the normal manner an official order should be raised on the financial accounting system and authorised by the them.
- 7.22 It is the responsibility of the budget holder to ensure the internet is the most appropriate means for procurement. Where possible the official order number should be quoted on the internet order as a cross reference.
- 7.23 The internet order must be raised in the name of the Academy with the Academy's address, not to an individual and must be delivered to the Academy, in order to comply with the legal requirements surrounding ownership of goods and HMRC regulations.
- 7.24 The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the Academy's normal payment route. If the supplier is unable to supply an invoice in advance, the Senior Leadership Team will be authorised to use the Academy's purchase card/debit card to make payment (the same rules for card authorisation apply). The Academy's purchase card details must NEVER be stored on internet sites, even when future purchases are likely to occur.
- 7.25 Payment by an individual's personal credit/debit card should only be considered when the above options have been exhaustively attempted and failed. The correct authorisation procedure for purchases should still be adhered to and the Academy retains the right to refuse to reimburse the individual if the Academy's procedures are not followed. Reimbursement to individuals should be made in the normal manner upon production of an original invoice/receipt.
- 7.26 Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important if the Academy is to recover any VAT element.
- 7.27 All purchases should only be made from secure websites that the Senior Leadership Team have gained reassurance they are safe and free from fraudulent activity. The use of online auction websites is not recommended.

7.3 Petty Cash

- 7.31 The academy maintains a maximum cash balance of £250. The cash is administered by the Office Staff and is kept in the Office safe.
- 7.32 The only deposits to petty cash should be from cheques cashed specifically for the purpose.

The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

- 7.33 In the interests of security, petty cash payments will be limited to £15. Higher value payments should be made by cheque/BACs directly from the main bank account as a cash book payment.
- 7.34 All purchases made through petty cash, regardless of size, should be pre-authorised by the Headteacher / Deputy Headteacher. Purchases made by the Headteacher must be pre-authorised by the Chair of Directors.
- 7.35 All payments made must be supported by VAT receipts for the goods purchased, along with an appropriate voucher signed by the member of staff receiving the cash.
- 7.36 The Finance Manager is responsible for entering all transactions into the petty cash records on a regular basis.
- 7.37 The SBM will be responsible for reconciling the petty cash account each month. The reconciliation will involve matching cash in hand, plus the value of receipts and vouchers received for claims made against the imprest value.
- 7.38 Unannounced cash counts should be undertaken by the SBM to ensure that the cash balance reconciles to supporting documentation.
- 7.39 Petty cash should be held in a locking cash box which is put in the safe overnight.

7.4 Purchase / Debit Cards

- 7.41 Purchase/debit cards may be issued by the academy to key staff members to purchase items for the academy instead of using petty cash.
- 7.42 in order to ensure that the card is properly used and that expenditure is authorised and correctlyaccounted for on the academy's financial accounting system, the following must be adhered to:.
- the card is issued in the academy's name
 - the card must be kept in the Headteachers locked drawer
 - an order form must be completed and authorised prior to making a purchase
 - VAT receipts must be obtained where possible
 - personal use is not permitted
 - all of receipts, delivery notes and invoices must be collated and given to the SBM
 - if the card is used on the internet then all of the above must be followed
 - card details MUST never be stored on internet sites
 - reconciliation of purchases to bank statement takes place monthly by the SBM
 - all bank card statements must be signed by the Chair of Directors
 - misuse of purchase card by individuals will be dealt with under the disciplinary procedure

7.5 Lease Agreements

- 7.51 The Trust may only enter into operating leases without the need for EFSA prior approval, except for some transactions relating to land or buildings.
- 7.52 Academy trusts must seek and obtain prior written approval from the Secretary of State, via the EFSA, 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 seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party, pursuant to the obligations on the academy trust in the Academies Act 2010.

7.53 The Academy will consider the following when taking out / renewing lease agreements:

The DfE and the National Association of School Business Management has produced some useful Tips for Successful Leasing in Schools.

<http://media.education.gov.uk/assets/files/pdf/p/tips%20for%20successful%20leasing.pdf>

- Schemes that include 'cashback' or 'free' or subsidised equipment / goods should be avoided.
- Leasing agreements will only be made where the financial arrangements are such that they benefit the Academy and the FPPC have given their approval.
- For leases above £10,000 over the term of the lease, approval must come from the Full Board of Directors **before any lease is signed**.
- Any item procured under a lease arrangement must be in line with the Academy's Best Value statement.
- Once approval has been given, lease agreements should be signed by the Headteacher on behalf of the Directors.
- The Headteacher will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals. Some agreements will require the academy to give notice of termination even though an expiry date has been specified (check the small print).

7.54 Any lease entered into by the Academy Trust must meet the following criteria:

- Ownership of the asset must remain with the leasing company and there is no option for the Academy to purchase the asset at any time;
- Any extension of the lease must be at open market values;
- The Academy will not benefit from any sale proceeds of the asset;
- The termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.

7.55 The trust must ensure that any lease arrangement maintains the principles of value for money, regularity and propriety, whether or not the EFSA's prior approval is required.

Trusts that are in any doubt as to whether or not any particular lease involves an element of borrowing should take advice from a professional.

7.6 Novel and contentious transactions

7.61 Novel payments or other transactions may arise where the academy has no experience or are outside the range of normal business activity for the trust.

7.62 Contentious transactions are those which might give rise to criticism of the trust by Parliament, and/or the public, and/or the media.

7.63 The trust must always refer novel and/or contentious transactions to the EFSA for explicit prior authorisation.

8. TENDERING PROCEDURES

8.1 Introduction to Tendering

- 8.11 Approval of contracts over £50,000 will only be made following the academy's tendering procedure. If the academy undertakes a high-value or EU-Qualifying purchase an Invitation to Tender will need to be issued as part of the process. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.
- 8.12 For more specialist or complex works and purchases, the academy may choose to appoint a professional third party to carry out the tender process on their behalf i.e. consultant, architect etc.). If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.
- 8.13 Contracts for supplies and services whose values equal or exceed €209,000 Euros and for works whose values equal or exceed €5,225,000 Euros, are subject to further requirements as per the Public Contracts Regulations 2006. Such contracts require advertisement in the Official Journal of the European Union (OJEU). This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation must be published. These thresholds are net of VAT. Further advice may be found on the following websites:

www.education.gov.uk/schools/adminandfinance/procurement/b0069810/buying-basics/purchasing/ojeu

www.ojec.com/DEFSAult.aspx

8.2 Forms of Tenders

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

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with SBM how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

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

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.

8.3 Preparation for Tender

Full consideration should be given to the objective of project, overall requirements, technical skills required, after sales service requirements and form of contract. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

8.4 Invitation to Tender

8.41 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.

8.42 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, including evaluation criteria
- form of response.

8.5 Aspects to Consider

8.51 Financial

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

8.52 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.

8.53 Other Considerations

- Pre sales demonstrations
- After sales service, warranties
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

8.6 Tender Instructions

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. 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.

8.7 Tender Opening Procedures

- 8.71 All tenders submitted should be opened at the same time and the tender details recorded. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.
- 8.72 Two people should be present for the opening of tenders as follows:
- For contracts over £50,000 – The Headteacher, Deputy Headteacher and Chair of Directors

8.8 Tendering Evaluation and Acceptance

- 8.81 The Board of Directors has set a minimum requirement of 3 tenders for fair evaluation purposes and in the interest of achieving best value. In any consideration of less than that number being received, the Board of Directors should consider whether this is sufficient and consider re tendering. Decisions to go ahead should fully document the justification.
- 8.82 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 8.83 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.
- 8.84 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Finance, Premises & Personnel Committee highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria should be reported to the Finance, Premises & Personnel Committee.
- 8.85 Where required by the conditions attached to a specific grant from the DfE / EFSA, their approval must be obtained before the acceptance of a tender.
- 8.86 The accepted tender should normally be the one that is economically most advantageous in terms of best value to the academy that meets all the requirements. All parties should then be informed of the decision. Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Directors. All decisions made must be justified and recorded as such in the minutes of that meeting for future reference.
- 8.87 A copy of the tender documentation should be held on site for easy reference as required.
- 8.88 Acceptance of any tender will be confirmed to the contractor in writing and no work shall be started until this has been done.
- 8.89 Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without the written permission of the Directors.

9. INCOME

9.1 General

- 9.11 The sources of income for the academy are the grants from the Education and Skills Funding Agency, LBBD, school uniform sales, leasing arrangements, NLE work and fundraising. It is the responsibility of the SBM to ensure that all income due to the academy has been received, banked and that all income due to the academy is collected and reconciled to its financial accounting system.
- 9.12 All income received at School Premises should be recorded immediately on a Daily Income Collection Record. The collection record should contain the amount received, the name of the person / organisation making the payment, the date the payment is received.
- 9.13 All income received by the academy should be banked at a minimum of bi-weekly and **in full**. The insurance policy cover for cash and cheques held on site must not be exceeded. However, if a high level of income is expected e.g. proceeds from a fete, the insurer must be informed to obtain additional short term cover, and the income must then be banked as soon as is practicable.
- 9.14 Personal cheques should never be cashed.
- 9.15 When income is banked the collection record must be totalled in value in order to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying in slip number should then be entered onto the income collection record to assist in providing a clear and simple audit trail.
- 9.16 When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately.
- 9.17 Income received electronically, via Parentmail will be entered into the finance system and form part of the bank reconciliation on a monthly basis.
- 9.18 Income received by the academy will be acknowledged to the payer.
- 9.19 No debts over £25 should be written off without the express approval of the Headteacher. Anything under £25 may be written off by the SBM, although would always be reported at the FPPC. Any figure over £25 must be authorised by the Headteacher and the FPPC. The EFSA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter or above the delegated limits as set out in section 3.6 Academies Financial Handbook 2016.

9.2 Custody

- 9.21 All cash and cheques must be kept in the Finance Office safe prior to banking.
- 9.22 Monies collected must be banked in their entirety (intact) in the appropriate bank account. The SBM is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system and related system generated reports, The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Manager.

9.3 Visits

Manual system (or alternatively see automated system below)

- 9.31 The Finance Manager oversees the collection of all monies due as a result of School Visits.
- 9.32 Parents should make payments via the online payment system, where a suitable record is kept.
- 9.33 The Office Staff should maintain an up to date record for each student showing the amount paid and the amount outstanding.

Automated System

- 9.34 The academy uses ParentPay / ParentMail system for recording and collecting payments for trips / events.

9.4 Catering / Meals Income

- 9.41 All children at the Infant Academy are entitled to universal free school meals, the payment for which is re-claimed from the Dfe via the annual School Census.

9.5 Automated Payments

- 9.51 When setting up a contract with a new supplier for provision of this service, consideration should be given to the following areas:
- i) Basis of fees payable to the company
 - ii) Complete audit trail and facility of income reconciliation of totals received
 - iii) Reminder facilities to chase up overdue amounts

- 9.52 Any contract for the services of an online parental payment system Service Provider will be reviewed regularly to ensure that the academy is getting value for money and that the provider is giving an adequate service. A copy of the contract should be held in the academy.

9.6 Lettings

- 9.61 The Board of Directors recognises the position of the academy in the local community and that encouragement should be given to the use of the academy premises by outside organisations. The Board of Directors wishes to take every possible care to ensure that all children / young people and others using the academy premises out of academy hours are safe from abuse and that they are treated with dignity and respect.
- 9.62 The letting of the academy is the responsibility of the Directors/Trustees and the administration of the letting is the responsibility of the Office Staff.
- 9.63 The Directors/trustees should approve the charging rate structure for lettings. This must be minuted as having been reviewed annually.
- 9.64 The Office Staff are responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
- 9.65 All hirers will complete the appropriate Transfer of Control Agreement form. This is checked by the Headteacher to ensure that:
- The application form has been properly signed by the hirer.
 - Checking that the hirer has a child protection policy if not affiliated to a national association,
 - Checking that a copy of the academy's own child protection policy and guidelines has been passed to the hirer and that the hirer has signed to confirm receipt and acceptance.
 - Deciding if it is necessary to seek references for the hirer
 - Obtaining a copy or signed confirmation of the hirer's:
 - public liability insurance

- PPL licence

- 9.66 All requests for hire will be logged in the Office diary by the Office Staff. Payment will be required in advance for all one-off lettings or if the hirer is not known to the academy. In other instances it may be appropriate to require a deposit. All deposits will be banked immediately and should a refund of the deposit be subsequently required, then a cheque will be issued.
- 9.67 Office Staff will produce a sales invoice from the accounting system where payment is not made in advance.
- 9.68 Organisations using the facilities should be instructed to send all payments to the Finance Office.
- 9.69 In the absence of specific terms agreed with the hirer, payment terms will be 28 days from date of hire. If payment has not been received by the due date, the following will apply:
- (a) 28 days after date of hire
 - First reminder letter to be issued. At this point all future hire dates will be suspended pending payment in full.
 - (b) 14 days after first reminder letter
 - Second reminder letter to be issued advising the hirer that non-payment could result in referral to the academy's legal services provider.
 - (c) 14 days after second reminder letter
 - Issue report to the Directors for advice on how to proceed e.g. referral to academy's legal services provider for recovery of debt.

If, having taken legal advice, it is determined that the debt is not recoverable it will need to be 'written off' as set out in Section 2.4.

10. CASH MANAGEMENT, BANKING AND INVESTMENTS

- 10.1 The SBM is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to delay non-essential payments to cover potential cash shortages.
- 10.11 If significant cash shortfalls have been identified and are unexpected, this should be promptly investigated, ensuring all income due for the period has been received and that expenditure is not irregular. The investigation and its results should be reported to the Finance, Premises & Personnel Committee. If fraud is suspected, the academy's Whistleblowing policy should be followed, including notifying the Education and Skills Funding Agency if the fraud is above £5,000.
- 10.12 The opening of all accounts must be authorised by the Directors who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds, i.e. Direct Debits and Standing Orders must also be subject to the same level of control.

- 10.13 Transfers between the academy's bank accounts if more than one bank account, should have a suitable narration to facilitate audit trail, especially where on line banking facilities are used.
- 10.14 Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure. This provision applies to all accounts operated by or on behalf of the Directors of the academy.
- 10.15 All cheques and other instruments authorising withdrawal (including direct debits and standing orders) from academy bank accounts must bear the signatures of **two** of the following authorised signatories (specify job titles only):
- Headteacher
 - Deputy Headteacher
 - Chair of Directors
- 10.16 For any Direct Debit or Standing Order authorisation over £10,000 one of the signatories must be the Chair of Directors and this should be included in the academy's bank mandate.
- 10.17 A current bank mandate for Direct Debits and Standing Orders must be retained on file and the mandated signatories should be consistent with those detailed above.
- 10.18 Academies may use BACS facilities to replace cheques. The control principles and authorisation remain the same as for cheque payments. Care must be taken regarding the creation and amendment of Supplier's bank details for BACs payments.
- 10.19 The SBM must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- **all** bank accounts are reconciled to the academy's accounting system
 - reconciliations are prepared by the SBM within one week of receipt;
 - reconciliations are subject to an independent monthly review carried out by the External Financial Support Advisor or in their absence the ICE every three months.
 - adjustments arising are dealt with promptly, i.e. any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken and recorded.

10.2 **Investments:**

Directors/Trustees will wish to maximise income as far as possible and must have an investment policy to manage, control and track their financial exposure and ensure value for money. The trust's investments and investment policy must be regularly reviewed.

- 10.21 Where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account. Surplus balances will, as far as possible, be transferred to a high interest or deposit account. Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include the amount of the deposit, split between cash and cheques with cheques listed separately and a reference i.e. receipt number or the name of the debtor.
- 10.22 Investments must be made only in accordance with written procedures approved by the Board of Directors and clearly held in the academy's name. The board of trustees must ensure the investment risk is properly managed. Aspects to consider include:
- objectives
 - risk
 - type of investment and term
 - academy's financial position

- financial limit for type of investment
- spreading investments between providers to ensure savings are covered by the Financial Services Authority
- security of access
- rate of return
- charges
- business interests of Directors and academy staff
- ethical, social and environmental considerations
- review including review of performance

- 10.23 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received and recorded on the financial accounting system.
- 10.24 The board of trustees will follow the Charity Commission's guidance (CC14 Charities and investment matters: a guide for trustees) and will seek EFSA prior approval for investments which are novel and/or contentious.

10.3 Borrowing:

The Secretary of State's normal policy is that academies will only be granted permission for medium and long term borrowing in exceptional circumstances

- 10.31 The academy's bank and / or building society must be informed that the accounts must never become overdrawn.
- 10.32 The academy must seek the EFSA's prior approval for borrowing (including overdraft facilities and finance leases), where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.
- 10.33 Credit cards must only be used for business (not personal) expenditure and balances cleared before interest accrues.
- 10.34 The trust may enter into limited schemes introduced by the Secretary of State, eg the Salix loan scheme linked to the Condition Improvement Fund.

11. FIXED ASSETS

11.1 Introduction

Fixed assets include:

- land including freehold
- buildings including freehold
- equipment
- motor vehicles

11.11 Fixed assets are depreciated as per the academy's depreciation policy.

11.12 The trust must seek prior approval from the EFSA before acquiring a freehold of land or buildings.

11.2 Fixed Asset Register

11.21 All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered in an asset register. Other attractive items below the limit could be included to assist with insurance claims. 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 academy's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters.

11.22 The SBM and ICT Manager is/are responsible for jointly maintaining the asset register.

11.23 The asset register should include the following information:

- book value of items transferred in
- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- depreciation (incl. brought forward and carried forward)
- current book value
- location
- name of member of staff responsible for the asset
- disposals

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

11.25 All the items in the register should be permanently marked as the academy's property. If the academy chooses to use an invisible form of marking then the item of equipment must carry a visible reference to the fact that the equipment has been security marked. Items not security marked are potentially not covered by insurance.

11.26 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 Board of Directors. 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.

11.3 Disposals

11.31 The trust must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.

11.32 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher up to £250, up to £5,000 by the FPPC, over £5,000 by the Full Board of Directors. Where significant, the items should be sold following competitive tender.

11.33 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are

complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

11.34 The trust must seek and obtain prior written approval from the EFSA before disposing of the following:

- a freehold of land and buildings
- heritage assets (as defined in AFH 2016 section 3.8.1) where the value is beyond any limits set out in the trust's funding agreement

11.4 Assets on Loan

11.41 Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded and logged back into the academy when it is returned. This is also recorded in the minutes of the FPPC.

11.42 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 academy's auditors.

12. DIRECTORS' / TRUSTEES ALLOWANCES

12.1 Policy and Regulations

The policy of the Directors/trustees in respect of payment of allowances must be openly available to parents and Directors. The Board of Directors must consider the payment of allowances annually, and the outcome must be recorded in the minutes.

12.11 The Education (Directors' Allowances) Regulations 2003 provide the legal framework for governing bodies to pay 'out of pocket' expenses to their Directors/trustees. The DfE guidance which accompanied those regulations states, "It is good practice to pay such allowances as Directors/trustees should not be out of pocket for the valuable work they do".

12.12 Legitimate allowances include: travel allowances to Board of Directors, Committee meetings or training courses, cost of child-care while attending meetings or training, cost of photocopying / printing papers for Directors business.

12.2 Allowance rates

12.21 The Academy will reimburse mileage expenses to Directors/Trustees for journeys at a rate in accordance with the limitations set out by HM Revenue & Customs.

12.22 Rates of subsistence will be paid up to the rates below, will not include claims for alcohol and must be supported by receipts. The same conditions apply as set out in section 2.7 covering mileage and subsistence.

Breakfast	£5
Lunch	£10
Evening Meal	£20

12.3 Authorisation

Authorisation of Directors'/trustees' expenses will be by the Headteacher. Claims by the Chair of the Directors/Trustees will be authorised by **both** the Vice Chair of the Directors/Trustees and/or the Chair of the Finance, Premises & Personnel Committee and the Headteacher. Where a separate Finance, Premises & Personnel Committee does not exist, the Board of Directors will appoint a second authorising governor/trustee.

13. INSURANCE

- 13.1 The Board of Directors must ensure the academy has adequate insurance cover to support its activities and to comply with statutory requirements, or has opted into the academies risk protection arrangements (RPA). The academy trust must note that not all risks are covered by the RPA (eg. motor vehicles).
- 13.2 The trust should consider opting into the RPA unless commercial insurance provides better value for money. If the trust does not opt into the RPA, the trustees must determine the level of cover to include the following:
- buildings and contents of the academy, in accordance with normal commercial practice or under the terms of any leases held by the academy, against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks, and theft.
 - business continuity, for example to provide alternative temporary accommodation (suggested minimum cover £10m):
 - employer's and public liability cover against the Directors' responsibility for injury or illness of staff of third parties, or damage to third party property (suggested minimum cover £50m each);
 - cover required by statute for vehicles operated by the academy
- 13.3 Other insurance cover to be arranged should include:
- libel and slander
 - cash in transit
 - personal accident
 - fidelity guarantee
 - off-site activities insurance, covering comprehensive travel risks for official trips and activities taking place off site
 - insurance for hirers
 - cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils
 - staff sickness insurance
 - engineering inspection contract to cover statutory inspection requirements relevant to lifts, boilers, air receivers and fume cupboards etc.
- This list is not exhaustive.
- 13.4 It is the responsibility of the SBM to arrange and renew insurance for the academy. The Education and Skills Funding Agency recommends using the Crescent Purchasing Consortium to obtain insurance cover for academies.

14. INTERNAL CONTROL

14.1 Introduction

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Directors
- regular reviews by the FPPC of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes including reporting on trading activities
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines, including value for money
- delegation of authority and segregation of duties
- identification and management of risks
- a process for independent checking of financial controls, systems, transactions and risks.

14.2 Responsibilities

- 14.21 The SBM is responsible for carrying out monthly bank statement reconciliations for all bank accounts within one week of receipt. All discrepancies are to be investigated immediately and reported to the Headteacher and, if appropriate, the bank.
- 14.22 The SBM is responsible for completing the monthly VAT returns in the prescribed format and forwarding them to the HMRC
- 14.23 The ICE and External Finance Officer (or other formally delegated authority) is responsible for periodically checking the following (at least once per term), and signing and dating to confirm that the checks have been made:-
- i. All payments made to suppliers have been correctly authorised
 - ii. No payments have been made that could be classed as 'fee payments' to individuals without completing the necessary checks to confirm self-employed status
 - iii. Income received by the academy can be traced from source to financial system entry and bank statement
 - iv. Bank account reconciliations are being completed each month for **all** academy bank accounts
 - v. The funding budget entered on the academy's financial accounting system is reconciled promptly to the sources of income, i.e. EFSA statement of funding
 - vi. VAT returns are being submitted on time
 - vii. Petty cash reconciliations are being completed
 - viii. Direct debit and standing order arrangements are appropriate and have been correctly authorised
 - ix. Individual staff salary payments are reconciled to the employee's contract on a regular basis (at least each term)
 - x. All balance sheet accounts i.e. Creditors, Debtors, control accounts are reconciled each month.

14.3 Separation of Duties

It is the responsibility of the Headteacher to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:

- i. Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
- ii. Authorisation – the authorisation of transaction such as a purchase order and the payment.
- iii. Payment – the raising of cheques / BACS and cheque / BACS signatories.
- iv. BACS payments – Creation and amendment of Supplier's bank details must be double checked.
- v. Custody – the holding of goods and services.
- vi. Recording – the completion of the accounting records
- vii. Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation
- viii. Income collection process must adhere to the regulations laid out in section 9 of this document, including appropriate separation of duties.

15. WHISTLEBLOWING POLICY

The academy trust must have appropriate procedures in place for whistleblowing, including making sure all staff are aware to whom they can report their concerns, and the way in which such concerns will be managed. This policy can be found on the School website.

15.1 Background and Context

- (a) The legal background relating to “whistleblowing” is covered by the Public Interest Disclosure Act 1998 which affords protection against dismissal penalty where an employee discloses in good faith, with reasonable grounds for belief in the disclosure, certain information relating to the following examples:-

- 15.2 The Academy Trust must notify the Secretary of State via the Education and Skills Funding Agency of any instances of fraud, theft or irregularity where the value exceeds £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported.
- 15.3 The “whistleblower” may prefer to raise the matter in person, by telephone or in written form marked “private and confidential” and addressed to one of the above named individuals. All matters will be treated in strict confidence and anonymity will be respected wherever possible. Alternatively if the “whistleblower” considers the matter too serious or sensitive to raise within the internal environment of the academy, the matter should be directed to the Education and Skills Funding Agency.
- 15.4 In addition, information and advice can be obtained from the charity – ‘Public Concern at Work’. This charity offers free legal advice in certain circumstances about serious malpractice at work. Their literature states that matters are handled in strict confidence and without obligation. Contact details for the charity are as follows:

Public Concern at Work
CAN Mezzanine
7 - 14 Great Dover Street
London SE1 4YR
Telephone number – 0207 404 6609

Website: www.pcaw.org.uk