

# Finance Regulations



Approved by: Governing Body

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## **Introduction**

1. The purpose of these regulations is to ensure that the academy maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education & Skills Funding Agency (ESFA).
2. The academy trust must comply with the principles of financial control outlined in the current Academy Trust Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and system. This manual should be read by all staff involved with financial systems.
3. This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

## **The Governing Body**

4. The Governing Body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's Scheme of Government.
5. The main responsibilities include:
  - ensuring that grant from the DfE is used only for the purposes intended;
  - ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
  - approval of the annual budget;
  - appointment of the Principal and
  - appointment of the Business Manager, in conjunction with the Principal.

## **The Resource & Audit Committee**

6. The Resource & Audit Committee is a committee of the Governing Body. The Resource & Audit Committee meets at least once a term (3 times per year) but more frequent meetings can be arranged if necessary.
7. The main responsibilities of the Resources & Audit Committee are detailed in written terms of reference which have been authorised by the Governing Body. The main responsibilities include:
  - the initial review and authorisation of the annual budget;
  - the regular monitoring of actual expenditure and income against budget;
  - ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
  - authorising the award of contracts over £40,000;
  - authorising changes to the Academy personnel establishment;
  - reviewing the reports of the auditors on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body.

## **The Principal**

8. Within the framework of the Academy development plan as approved by the Governing Body the Principal has overall executive responsibility for the Academy's activities including financial activities.
9. Much of the financial responsibility has been delegated to The Business Manager and however the Principal still retains responsibility for:
  - approving new staff appointments within the authorised staffing structure, except for any senior staff posts which the Governing Body have agreed should be approved by them;
  - authorising all contracts or formal agreements requiring a signature on behalf of the school (electronic or otherwise) in conjunction with The Business Manager;
  - Signing cheques / BACs in conjunction with The Business Manager or other authorised signatory in accordance with the bank mandate.

## **The Business Manager**

10. The Business Manager works in close collaboration with the Principal through whom he or she is responsible to the Governors. The Business Manager also has direct access to the Governors via the Resource & Audit Committee.
11. The main financial responsibilities of The Business Manager are:
  - 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 governing body;
  - implementation and operation of rigorous and robust audits and 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 and annual management accounts;
  - signing cheques / authorising BACS in conjunction with the Principal or other authorised signatory in accordance with the bank mandate;
  - ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance;
  - the day-to-day management of financial issues;
  - the monitoring of the Facilities Management contract;
  - to provide day-to-day guidance and support to the Finance and Payroll staff;
  - ensure finance and payroll systems are effectively managed;
  - supporting the writing of bids for funding and development;
  - the maintenance of effective internal controls;
  - to manage the tendering of all service contracts;
  - monitoring all insurance policies.

## **Other Staff**

12. Other members of staff, primarily the Finance Officers, Finance Assistants, and Budget Holders will have some financial responsibilities. 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.

## **Register of Interests**

13. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy Governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Academy may purchase goods or services. For each interest: the name of the business, the nature of the business, the nature of the interest, and the date the interest began. The register is open to public inspection and should be maintained by the Governing Body and included as a standard agenda item on meetings. The Academy must publish on its website relevant business and pecuniary interests of trustees and members.
14. The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
15. The existence of a register of business interests does not, of course, detract from the duties of Governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, Governors and staff should not attend that part of any committee or other meeting.

## **Financial Planning**

16. The academy trust prepares rolling 3 year budgets.

### **The Budget cycle**

17. The budget cycle is as follows:

#### **Autumn term (Sept – Dec)**

- Implementation of submitted budget plan
- Flex-budgeting based on subsequent information such as Teachers' Pay, Pupil number etc...
- Monitoring expenditure (continuous-monthly)
- Reconciliation and closure of previous financial year

#### **Spring term (Jan – Mar)**

- Monitoring and Reviewing of year's budget
- Revised Budget where appropriate
- Pre-planning new financial year

#### **Summer term (Apr – Aug)**

- Planning for forthcoming year
- Preparation and submission of financial budget plan
- Review of current year's budget
- Preparation for Year End and Audit

18. All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

## **Budget**

19. The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Resources & Audit Committee and the Board of Governors.
20. 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.
21. The budgetary planning process will incorporate the following elements:
  - forecasts of the likely number of pupils to estimate the amount of General Annual Grant
  - latest estimate of other ESFA funding e.g. pupil premium and other specific funds
  - 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
  - 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
  - all carry forward balances
  - any unspent grants from the previous financial year
  - any funds held in Trust
22. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.
23. If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Resources & Audit Committee as part of the monthly management accounts procedure.
24. The approved budget is then entered onto the finance system at the start of the new financial year.

## **Other Government Funding**

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

26. The Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

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

27. In addition to the GAG funding from the ESFA and other government funding, the academy may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All significant applications for additional funding will be reported to Board of Governors. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.
28. The Finance Officer is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts which will be reviewed by the Business Manager
29. Where funds are held in trust the Business Manager is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

#### **Virements**

30. Virements shall be circulated with the Month end reports to all Governors, and approved sought from the chair of the Resources & Audit Committee.
31. The Business Manager is given delegated power to vire from one budget to another and shall seek approval from the Resources & Audit Committee and retrospectively where the amount exceeds £10,000.

#### **Revised Budget**

32. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer and Business Manager and reports forwarded to the Board of Governors.
33. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Resources & Audit Committee and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Governors. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

#### **Budget Forecast Return**

34. The approved budget must be submitted to ESFA in accordance with the published deadlines by the Business Manager.
35. The Clerk to Governors is responsible for establishing a timetable, which allows sufficient time for the approval process so that the submission date can be met.

### **Monitoring and review (including management accounts)**

36. Monthly reports are prepared by Finance Officer and reviewed by the Business Manager

The reports include:

- Account Summary with commentary (actual income and expenditure against budget)
- Management Accounts
- Balance sheet
- Cash flow forecast
- Aged Debtors
- Aged Creditors
- Virements

37. Any potential overspend against the budget must in the first instance be discussed with the Business Manager.

38. The monthly reports are sent to the clerk to circulate to the accounting officer and the Governing body for review and comments. All reports are uploaded to Governor Hub and the Chair of finance signs off monthly.

39. The Accounting Officer reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:

- reviews management accounts
- reviews compliance against the scheme of delegation
- reviews transactions for evidence of connected party transactions
- value for money practice

40. The Accounting Officer has delegated the following responsibilities to the Business Manager

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook

41. A Monthly checklist is completed by the finance department detailing reviews undertaken and commentary as appropriate.

### **Annual accounts**

42. The academy trust must prepare annual audited financial statements for the accounting period to 31 August.

43. The accounts are prepared by our external auditors, supported by the Business Manager and Finance Officer through the audit process.

44. The accounts are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on our own website
- by 31 May – to Companies House

### **Value for money statement**

45. A review of Value for money is undertaken by the accounting officer at year end and included in the relevant section of the Trustees report.

### **Audit arrangements**

46. External auditors must be appointed in accordance with the Academy Trust Handbook.
47. The Business Manager is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

### **Work undertaken during accounting period**

48. The Business Manager and Finance Officer are responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
- reviewing the structure of the trial balance
  - maintaining a fixed asset register
  - monthly depreciation charges
  - maintaining income and expenditure records (including filing of invoices)
  - reviewing aged debtors for any provisions required
  - maintaining a record of governors/trustees interests, related and connected party transactions
  - Control account reconciliations (bank, wages, debtors, creditors)
  - reviewing the noncompliance register
  - monitoring & reporting to the Accounting Officer and Board of Governors/Trustees

### **Work undertaken for the year end**

49. The Business Manager is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
- Stock take and including of year end stock value
  - prepayments for IT licenses
  - prepayments or accruals for grant income
  - control account reconciliations (bank, wages, debtors, creditors)
  - close down of the purchase ledgers
  - close down of the Sales ledgers and aged debtors
  - pension valuations
  - pension Audit



### **Accounts Return**

- 50. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.
- 51. The accounts return is prepared in house by the Business Manager or outsourced to our auditors for preparation.

### **Document retention**

- 52. Financial documents are retained in accordance with school retention policy and reference to the IRMS academies toolkit 2019

### **Accounting system**

- 53. All the financial transactions of the Academy must be recorded into PS Financials, the computerised financial information accounting system. This system is operated by the Finance staff with the potential to extend to all budget holders.

### **System Access**

- 54. Access to the system is password restricted to finance staff with PSF CUST ADMIN rights, and others as authorised by the Accounting Officer e.g. external accounting providers.
- 55. The Business Manager is responsible for authorising access levels for all members of staff using the system.
- 56. Accounting system user Passwords will be changed at least every 90 days

### **Transaction Processing**

- 57. All transactions input to the accounting system must be authorised in accordance with the limits specified in appendix 1 of this manual. For detailed information on the operation of the PS Financials accounting system please refer to the PS Financials User Manuals (available in Iris Help Hub).

### **Back-up Procedures**

- 58. The school uses a cloud based accounting system and ensures that there are effective back up procedures in place for the system.

### **Transaction processing**

- 59. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
- 60. All journal entries are authorised by in accordance with authorisation limits in this manual and entered into the accounting system.
- 61. Bank transactions are input by the Finance Officer and reviewed by the Business Manager and Accounting Officer.

## **Transaction reports**

62. The Business Manager reviews all monthly reports and audit trail reports to ensure that only regular transactions are posted to the accounting system.

## **Reconciliations**

63. The Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are reviewed and cleared as necessary:

- Sales ledger control account
- purchase ledger control account
- payroll control accounts
- Pay in slip control account
- Payment run control account
- Recharges
- Petty Cash account
- Trips account
- Charity account
- VAT control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement

64. Any unusual or long outstanding reconciling items are brought to the attention of the Accounting Officer and dealt with according to the bad debt limits in this manual.

## **Cash Management**

### **Bank Accounts**

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

- the trust is responsible for selecting the banking institution and negotiating the terms and conditions
- the governing body must authorise the opening of all bank accounts
- the academy will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately, and the bank notified. Any on-line access to banking will also be removed
- terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
- the trust must inform the bank, in writing, that their accounts must not become overdrawn
- the trust must ensure there are sufficient funds to cover large payments

## **Deposits**

66. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:

- the amount of the deposit
- a reference (for example the number of the receipt or the name of the debtor)

67. The Finance Officer is responsible for updating the accounting system for deposits placed.

## **Cheques and withdrawals**

68. All cheques authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- Principal
- Business Manager
- Vice Principal
- Finance Officer
- Chair of Governors

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust.

69. Authorised signatories may sign a cheque relating to goods or services for which they have also authorised the expenditure when the second signatory is independent.

## **Administration**

70. The Business Manager ensures 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 cash book
- bank reconciliations are prepared by the Finance Department
- bank reconciliations are subject to an independent monthly review carried out by the Business Manager and the Principal
- adjustments arising are dealt with promptly

## **Petty Cash**

71. The academy trust maintains a maximum cash balance of £1,000 for the purchase of minor items, which is held in the office safe and is the responsibility of the Finance Officer

72. The petty cash float must not be used for:

- cashing personal cheques
- paying staff loans

## **Payments**

73. In the interests of security, petty cash payments are limited to £25 unless authorised by the Business Manager or Principal. Payments are made on production of a valid VAT till receipt. Cash issued in advance e.g fuel (if a fuel card is unavailable) is subject to the same authorisation procedures as purchases.

## **Administration**

74. The petty cash float is maintained on the imprest system and the float is only reimbursed from the main bank account.
75. The petty cash float is reconciled monthly by the Finance Assistant. The reconciliation is then reviewed by the Finance Officer and signed as evidence of review.
76. The Finance Officer carries out a spot check of the petty cash float once a term.

## **E-procurement & Payments**

77. The school credit card (Lloyds) is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meetings etc and is governed by the policy below
78. The overall school credit card limit is £30,000 Any changes to this limit requires prior approval at the Resources and Audit committee.
79. Credit cards are issued on a business needs basis and currently assigned to:
- Principal
  - Business Manager
  - Senior Vice Principal
  - Vice Principal
  - Finance Officers
  - Finance Assistant
  - Principals PA
80. Any additional card holders are at the discretion of the Resources and Audit Committee. Purchasing limits are allocated by the Business Manager within the overall school limit.
81. Supporting receipts and transaction logs will be maintained in accordance with the schools procurement procedures. The Business Manager periodically monitors purchases made. The Chair of Finance monitors the Principals expenditure.
82. Non-compliance will be reported to the Resource & Audit committee.
83. Any department wishing to make a purchase on credit card should complete ~~an order form~~ a PDF Finance request form or Iris requisition and pass this to the Finance department following the agreed procurement process.
84. Credit cards must only be used for purchase on behalf of The Duston Education Trust and shall not be used for personal expenditure in any circumstances

85. When the credit card statement arrives, it is reconciled against the transaction Log relating to each card holder and matched to corresponding draft order and VAT invoice/receipt. All transactions are individually entered into the PSF accounting software by the finance department.
86. The credit card statement, is given to the Business Manager and Principal who will review and authorise the statement.

### **BACS Payments**

87. On receipt of an invoice, the finance department, to signify:
- an official purchase order has been raised for the purchase
  - seeks confirmation that the delivery is of correct quantity, quality and price
  - it has not been previously paid
  - funds are available in the relevant budget
  - VAT chargeability on qualifying expenditure is shown
  - Budget Holder to authorise the invoice either electronically or in person
88. The payment is then prepared and fully reviewed by the finance department and uploaded to the bank. Approvers (independent of the upload process) ensure that the bank and sort codes have been correctly entered. The Business Manager or Principal will always be one of the approvers unless prior authorisation has been given by the Chair of the Resources and Audit Committee.
89. BACS payments are, where possible, processed within payment terms agreed, although every effort is made to ensure the school benefits from early payment discounts.
90. New suppliers will be contacted by the Finance Department and required to complete relevant details onto a new supplier form for details which will be accompanied by terms of business. These are checked and authorised by the Finance Officer and Business Manager prior to adding to the accounting system.
91. Use of self-employed individuals is permitted, subject to all of the normal purchasing regulations. The school will use the HMRC online tool to assess Employment Status (IR35). Prior to the commencement of work the Academy must obtain a signed, written declaration from the individual stating that they are responsible for their own Income Tax and National Insurance arrangements. An HMRC UTR (Unique Taxpayer Reference) must also be obtained from the individual prior to the commencement of work, as evidence that they have registered as self-employed. It is the responsibility of the self-employed individuals to maintain their own insurance and advise the school of any changes to the initial declaration.

### **Reserves**

92. The Reserves:
- assists in strategic planning by considering how new projects or activities will be funded

- informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects
- informs the budget and risk management process by identifying any uncertainty in future income streams
- ensures that each academy sets aside reserves so that in unforeseen circumstances the academy will still have the resources to deliver its aims
- The level of reserve will be reviewed and approved by the Resources & Audit committee on an annual basis as part of the budget setting plan. A reserves figure above nil is considered essential to the ongoing viability of the Trust and unless specified, a target amount in the range of 5-8 % of total revenue income is applied.

93. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.

94. The financial risks identified determine the amount of reserves the academy targets to hold. When considering an appropriate level of reserves, the Trustees consider:

- the risk of unforeseen emergency or other unexpected need for funds
- covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sickness absence
- a fall in a source of income, such as lettings
- planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project
- the need to ensure sufficient working capital to cover delays between spending and receipt of grants
- fluctuations in income caused by changes in student numbers or fluctuations caused by changes to the funding formula

95. The Principal as Accounting Officer must inform ESFA immediately if a deficit is anticipated.

96. If the academy trust is anticipating a deficit at the end of any financial year, the governing body and Principal have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The governing body must ensure that a recovery plan is submitted and approved by the ESFA.

### **Capital Reserves**

97. Any overall surpluses at the end of the year are carried over to the following year. It is the responsibility of The Business Manager to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## **Payroll**

### **Staff Appointments**

100. The Governing Body will approve a staffing structure for the Academy. Changes can only be made to this structure with the express approval in the first instance of the Resources & Audit Committee who must ensure that adequate budgetary provision exists.
101. The Principal has authority to appoint staff within the authorised structure except for Vice Principal and Business Manager whose appointments must follow consultation with the Governors.
102. The HR Department maintain personnel files for all members of staff which include contracts of employment. The HR administrator is responsible for obtaining the relevant DBS checks and ensuring these are retained on file.
103. The Business Manager must be advised of any proposed recruitment or change to salary, prior to any commitment being made to ensure that there are sufficient funds available.

### **Payroll Administration**

104. The Academy payroll is administered through the Academy's payroll provider
105. All staff are paid monthly through the payroll provider. Information is input into the Payroll portal detailing:
  - salary
  - bank account details
  - personal details
  - any deductions or allowances payable
  - other legal and relevant details
106. Payroll information is input by designated Finance/ HR staff.
107. All absence, sickness and other leave should be reported to the HR department and recorded on both the payroll portal and the schools SIMS database.
108. Any new appointments, terminations, contract variations and pay deductions are recorded on a master spreadsheet by month. This return must be authorised by the Business Manager and Principal
109. The Finance Department will prepare and publish a timetable for payroll processing annually.

## Payments

110. Before payments are dispatched a printout of all data should be obtained from the payroll provider and this should be checked against source documentation by the Finance Department and then reviewed and authorised by The Business Manager and Principal. Authority to release payment will be by the Business Manager and the Principal.
111. All payments made each month to the Payroll Service Provider, together with notification of payments made to outside agencies, are to be debited against the relevant budgets and credited to the payroll control accounts. All monthly payroll costs must be reconciled by the Finance Department to agree salary, Employer National Insurance, pension and other deductions.
112. After the appropriate BACS transfers and the corresponding entries in the payroll control and bank accounts are made, the balance in the payroll control accounts should be nil. If this is not the case any difference must be noted and critiqued on the month end spreadsheet.
113. All salary payments are made by BACS.
114. PAYE and National Insurance due to HMRC must be paid by the HMRC deadlines.
115. Each month, it is the responsibility of the Academy to ensure that checks are made from the personnel records maintained by the Academy to the payments actually made by the Payroll Service Provider. All staff members are checked by the Finance Officer with any payroll run being authorised by the Business Manager and the Principal.
116. Copies of all individual notifications to the Payroll Service Provider must be filed in the monthly payroll file and kept secure.
117. The Finance Department should review the monthly payroll variation report between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and authorised by the Business Manager.
118. The payroll provider automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for PAYE, National Insurance contributions and pensions. The amounts payable are summarised on the payroll reports.
119. After the payroll has been processed postings will be made both to the payroll control account and to individual cost centres. The Finance Department 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.
120. Any contract for the services of a Payroll Service Provider will be reviewed periodically, to ensure that the Academy is obtaining value for money and that the provider is giving adequate service.



### **Salary advances**

- 121. The trust does not award salary advances.

### **Overtime**

- 122. Overtime is at the discretion of the Principal. The claim form is completed by the individual monthly for the Principals authorisation prior to payment.
- 123. Claim forms must not be submitted prior to work having been undertaken.
- 124. No payments for work undertaken will be made other than via the payroll system.

### **Severance payments**

- 125. The academy trust is able to self-approve the non-contractual element of severance payments up to published amounts. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.
- 126. Where the non-contractual element is on or over the published amount, prior approval from ESFA must be sought.
- 127. The Accounting Officer must sign off and review each business case.

### **Ex-gratia payments**

- 128. Any ex-gratia payments must be made in accordance with the Academy Trust Handbook and submitted to ESFA for prior approval.

### **Income**

#### **ESFA grants**

- 129. The main sources of income for the academy are the grants from the ESFAs. The receipt of these sums is monitored directly by the Finance Officer who is responsible for ensuring that all grants due to the academy are collected.

#### **Other grants**

- 130. The receipt of these sums is monitored directly by the Finance Officer responsible for ensuring that all grants due to the academy are collected.

### **Trips**

- 131. A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a financial plan (EV3) to ensure the trip is financially viable. A copy of the plan must be approved by the Finance Department.
- 132. Students should make payments for Trips via the schools Parentpay and reports are available for the lead teacher as required.
- 133. Trips should run in accordance with the charging and remissions policy. Any surplus greater than £10 per pupil is refunded. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Principal in advance of the booking being made.

### **Parentpay**

- 134. The weekly bank credits are reconciled to the Parentpay reports in the first instance. Monthly checks are undertaken by the Finance Officer and verified as part of the bank reconciliation process by the Business Manager.

### **Lettings**

- 135. The Finance Assistant is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.
- 136. Details of organisations using the sports facilities will be held by the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.
- 137. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually.

### **Sundry income**

- 138. Income from other sources (for example educational consultancy) is priced in consultation with the Principal. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay. The Business Manager approves all credit agreements.

### **Bad debts**

139. The academy finance department chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone, email or letter.
140. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Business Manager submits a report to the Principal or Resources & Audit Committee as relevant for approval of write off.
141. The following write off limits apply:
- Up to £1,000– Accounting officer
- Over £1,000 – Resources & Audit Committee / ESFA as relevant

### **Purchasing**

142. The academy trust must achieve value for money on all purchases. A large proportion of our purchases are 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

### **Routine Purchasing**

143. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month. Budget holders will be able to monitor data relating to their own budget areas on a monthly basis via reports generated from the online financial information system.
144. Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the approved suppliers list maintained by the Finance Department. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not already approved the reasons for this decision must be discussed and agreed with the Finance Department. Copies of all quotes must be attached to the order requisition.
145. Use of eBay for Academy purchases is permitted, subject to all of the normal purchasing regulations. The eBay account must be in the name of the Academy.

146.

All requisitions for goods and services must be requested, using the PDF Finance request form available in a designated staff area. Once created, the form will need to be emailed to your designated departmental support who will input directly into the finance system where relevant authorisation will be sought electronically. The finance system holds a library of approved suppliers to be selected from. If a supplier is not present in the list, you will be directed to seek support from the finance department and manual authorisation may be required. Staff with PSF access can opt to enter the above directly into the PSF system negating the need to use the PDF Finance request form. The exception to the above is CPD requests where orders will be facilitated by finance via the electronic CPD process.

Adequate budgetary provision will be confirmed by Finance before processing the order.

147.

Orders will be processed on the purchase order module of the finance system which allocates an official purchase order number. Orders will be dispatched to the supplier from the Finance Department.

148.

The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the Budget Holder or designated departmental support must undertake a detailed check of the goods received against the goods received note (GRN) and enter the information directly into the finance system. Any discrepancies between the goods delivered and the GRN discrepancies should be discussed with the supplier of the goods without delay.

149.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, it is the Budget Holders responsibility to advise the Finance Department and keep them updated.

150.

All invoices should be sent to the Finance Department. These will be checked, receipted and input into the PSF accounting software. Checks will ensure:

- the invoice is arithmetically correct
- invoice posted to purchase ledger
- goods/ services received if applicable
- goods/services as ordered
- prices correct
- invoice authorised for payment
- payment authorised
- Correct treatment of VAT

153. The Finance Department will review all outstanding invoices at least weekly and produce a payment list of invoices authorised by Budget Holders. The payment list together with supporting documentation will be reviewed and approved in accordance with bank mandate.
154. The Finance Department will then process a BACS file or cheques for payment. The BACS / cheques payment list and associated paperwork will be presented to two authorisers/signatories for approval. Posting will be made on PS Financials to the purchase ledger.

#### **Orders over £1,000 but less than £10,000**

155. At least 2 written quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the order with a copy retained by Budget Holders for audit purposes.

#### **Orders over £10,000 but less than £40,000**

156. At least 3 written quotations should be obtained for all orders between £10,000 and £40,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and attached to the order with a copy retained by Budget Holders for audit purposes.

#### **Orders over £40,000**

157. All goods/services ordered with a value over £40,000, or for a series of contracts which in total exceed £40,000 must be subject to formal tendering procedures. OJEU has been replaced with a new e-tendering platform called 'Find a Tender' (FTS). If contract spend is over the current WTO GPA threshold, tenders legally need to be posted on Find a Tender.

#### **Goods and services for private use**

158. No goods are ordered or services provided to include any elements of private use by governors and staff.

## **Forms of Tenders**

159. 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

160. This is where all potential suppliers are invited to tender. The Budget Holder must discuss and agree with the Business Manager 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

161. 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

162. 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.

## **Preparation for Tender**

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

164. 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.

### **Invitation to Tender**

165. If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender;
- form of response.

### **Aspects to Consider**

167. 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?

168. 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.

169. Other Considerations

- Pre sales demonstrations;
- After sales service;
- Financial status of supplier.

170. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

### **Tender Acceptance Procedures**

171. 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 to secure mailbox by the date specified. Tenders received after the submission deadline are not accepted.

### **Tender Opening Procedures**

172. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders. This should be either the Business Manager or Principal plus a member of the Resource and Audit Committee. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

### **Tendering Procedures**

173. 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.
174. 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.
175. Full records should be kept of all criteria used for evaluation and for contracts over £40,000 a report should be prepared for the Resources & Audit Committee highlighting the relevant issues and recommending a decision.
176. Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.
177. The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.
178. If, however, in the opinion of the Principal that it would not be practical to invite competitive tenders, then the Principal shall write to obtain the assent of the Governing Body. The request and decision must be minuted.



## **Insurance**

- 179. The Resources & Audit Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
- 180. The academy opt in to the Department for Education's Risk Protection Arrangements.
- 181. Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.
- 182. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

## **Gifts**

- 183. The Antibribery and Corruption policy details the protocol for all gifts and hospitality.
- 184. Gifts that have been reported are entered onto the gifts and hospitality register.

## **Energy Management**

- 185. The Finance Officer is responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis with the information provided. Meter readings should be reviewed where possible prior to authorising any invoices from the utilities providers. Any discrepancies or unusual reading should be raised with the Business Manager immediately.
- 186. The Business Manager ensures that the school is purchasing energy at the most competitive prices available.
- 187. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

## **Fraud**

- 188. The Academy must be aware of the risk of fraud and irregularity occurring and, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Academy must take appropriate action where fraud and irregularity is suspected or identified.
- 189. The Academy must notify the ESFA as soon as possible of any instances of fraud or theft exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported.

## **VAT**

190. The Finance Officer is responsible for submitting the VAT 100 form each month to the VAT agent and ensures compliance with HM Revenue and Customs for claiming the correct levels of VAT.

## **Assets**

### Accounting treatment of Fixed Assets

191. All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered on the fixed asset register and input to the accounting system with the following details:
- asset description
  - date of acquisition
  - asset cost
  - source of funding (% of original cost funded from grant and % funded from other sources)
  - expected useful economic life
  - depreciation
  - Net book value

### Security of assets

192. An asset register/ inventory is maintained by the IT department to:
- 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
  - support insurance claims in the event of fire, theft, vandalism or other disasters
193. Examples of items to include on the asset register include:
- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
  - Reprographic equipment – photocopiers, comb binders, laminators
  - Furniture
  - AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
  - Catering equipment – ovens, fridges, dishwashers, food processors
  - Technology equipment – sewing machines, craft machinery
  - Premises equipment – lawn mowers, power tools, generators
  - Other equipment – musical instruments, PE equipment
  - Mini buses

- 194. All the items in the register are marked as the academy trust's property.
- 195. Equipment is, where possible, stored securely when not in use.
- 196. The Asset register is maintained by the IT department and termly checks on physical assets are undertaken by a member of the finance team.
- 197. Where discrepancies between the physical count and register are found these are investigated promptly and, where significant, reported to the governing body.

#### **Disposals**

- 198. The governing body is responsible for maintaining proper security at all times for all assets including buildings, stocks, stores, furniture, equipment, cash, etc. under its' control.
- 199. If stocks or equipment are not on the fixed asset register and are surplus, obsolete, damaged, not traceable or stolen, the principal will authorise the write-off and sale or disposal up to the value of £1,000. Documentation will be authorised by the budget holder and retained in the finance office for audit purposes.

#### **Disposals of fixed asset**

- 200. Disposals, where applicable, will be dealt with in accordance with the Academy Trust Handbook.
- 201. Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the authorisation limits and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 202. Items for write off/disposal should be listed on the write off/disposal authorisation form, detailing model and serial number, a brief description of the item, and the reason for write off/disposal.
- 203. The form should be signed and dated by the member of staff requesting write off/disposal, and then passed to the Business Manager for authorisation. The Business Manager should be satisfied that the items are to be written off/disposed of and should then enter on the form the method of disposal (e.g. scrapped, sold/offered to other schools (if usable computers for example)). The Finance Officer to then update the fixed asset register accordingly.
- 204. This should be recorded in the minutes stating that the governing board have ratified the decision.

#### **Loan of IT Equipment**

- 205. IT Equipment must not be removed from academy premises without the authority of the Principal. A record of the loan must be recorded by the IT department and returned upon end of agreement or employment.

## **Links to Policies**

Academy Trust Handbook

Academies Accounts direction

Scheme Of Delegation

Charging Policy

Anti-Corruption & Bribery Policy

Member& Governor Expense Policy

Protocol for Accommodation, Travel and subsistence

Appendix 1		
Delegated Duty	Value	Delegated Authority
Requisitions for orders or invoice approval	Up to £15,000	Budget Holder and SLT Line Manager
	Up to £40,000	Additional authorisation from either Vice Principal or Principal, and SBM
	Up to £125,000	As above with additional authorisation from Chair of Resources & Audit Committee or Chair of Trustees
	Over £125,000	Full Academy Governing Body
Quotations and tendering	Up to £1,000	The single method of purchase shall be at the discretion of the Principal
	Over £1,000 but less than £10,000	Minimum of 2 written quotes to be obtained by Budget Holder to identify the best source of the goods/services. Quotes to be attached to draft order.
	Over £10,000 up to £40,000	Minimum of three quotes to be obtained by Budget Holder to identify the best source of the goods/services. Quotes to be attached to draft order.
	£40,000 to relevant OJEU limit	All goods/services ordered with a value over £40,000, or for a series of contracts which in total exceed £40,000 must be subject to formal tendering procedures. Purchases over £93,738 (threshold from 26/01/06) may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.
Special payments - ex gratia, staff severance and compensation payments	Up to £50,000	Resources & Audit Committee and FGB (EFA approval for ex-gratia payments of any value. EFA approval for non-contractual/non-statutory element of a staff severance payment or compensation payment of £50,000)
	Over £50,000	Resources & Audit Committee and FGM (EFA approval for non-contractual/non-statutory element of a staff severance payment or compensation payment over
Disposal of Fixed Assets approval	Up to £5,000	Chair of Resources & Audit Committee
	Over £5,000	FGB
Write off of Bad Debts approval	Up to £1,000 limit	Principal. Over limit Chair of Resources & Audit Committee (EFA approval over £45,000)
Petty Cash imprest Level	Up to £1,000	Any higher value to be approved by Chair of Trustees
Journal Sign Off	£5,000 and over	SBM or Principal or Chair of Trustees if journal posted by SBM
<b>Glossary of Terms</b>		
SLT	Senior Leadership Team	
FGB	Full Academy Governing Body	
SBM	School Business Manager	
OJEU	Official Journal of the European Union	

## Appendix 2: Procurement - Best Practice Checklist

1. Policies and procedures for procurement should be documented and adhered to, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:
  - roles and responsibilities of those involved in procurement (eg Governing Body, Principal, Business Manager, other Senior Managers and the Central Finance

- Department);
- delegated authority levels, in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Governing Body;
- arrangements to ensure segregation of duties;
- how purchases are recorded (papers records and computer records (eg accounting system arrangements)).

In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

2. Where appropriate, individuals with relevant experience including the end-users (eg ICT managers, teachers) should be involved when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the Academy, but may also help achieve buy-in by the end-users.
3. An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the Academy's start up period. This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that a non-essential purchases are challenged.
4. Procurement decisions should be clearly recorded to ensure that the decision has been reached fairly and to provide a clear audit trail:
  - minutes should be taken of all relevant meetings;
  - the options available should be recorded;
  - the basis for scoring/ranking should be set out;
  - the individuals responsible for scoring/ranking should be identified;
  - the outcome of the scoring and the final decision should be recorded;
  - the reasons on which the decision was reached should be clearly documented.
5. All key documents should be retained together by the Academy. This includes:
  - invitations to tender;
  - tenders received from bidders;
  - quotes obtained for smaller purchases;
  - papers/minutes documenting the procurement decision;
  - signed copies of the contracts awarded;
  - invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the Academy prior to cessation of the contract with the project management company.

6. An asset register of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased. The register should include:
  - asset description;
  - asset number;
  - serial number;
  - date of acquisition;

- asset cost;
- source of funding (% of original cost funded from DfE grant and % funded from other sources);
- expected useful economic life;
- depreciation;
- current book value;
- location;
- name of member of staff responsible for the asset.

Updating of the register as assets are procured should ensure that it is always current and should ease the task of end of year asset verification. It should also simplify the setting of insurance levels and the handling of any claims.

A similar register should also be maintained of “attractive items” (ie items with a cost below the Academy’s capitalisation threshold) such as minor office equipment.

7. Fitness for purpose should be a key consideration in any procurement decision (eg ICT should be of the correct specification; fixtures and fittings should be of adequate durability).
8. Opportunities should be taken for bulk purchase discounts, for example by combining similar orders.
9. When ordering goods an assessment of likely delivery timeframes should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

## **Appendix 3 : Period End dates**

### **PS Financials Period Close Dates**

The table below shows the planned dates that the PS Financials periods will be closed for the 2023/2024 financial year.

Once a period has been closed it will not be possible for any transactions to be posted in that period. Therefore it is important that the PS Financials system is completely up to date by the period close date. The Month End Checklist and all related work must be completed for each month end and by the relevant PS Financials period close date.

Month	Period	Period Close Dates	Management reports
September 2023	01	Thursday 12 <sup>th</sup> October	Tuesday 17 <sup>th</sup> October
October 2023	02	Tuesday 7 <sup>th</sup> November	Thursday 9 <sup>th</sup> November *
November 2023	03	Thursday 7 <sup>th</sup> December	Tuesday 12 <sup>th</sup> December
December 2023	04	Thursday 11 <sup>th</sup> January	Tuesday 16 <sup>th</sup> January *
January 2024	05	Tuesday 6 <sup>th</sup> February	Thursday 8 <sup>th</sup> February
February 2024	06	Thursday 7 <sup>th</sup> March	Tuesday 12 <sup>th</sup> March
March 2024	07	Thursday 18 <sup>th</sup> April	Tuesday 23 <sup>th</sup> April *
April 2024	08	Tuesday 7 <sup>th</sup> May	Thursday 9 <sup>th</sup> May
May 2024	09	Thursday 6 <sup>th</sup> June	Tuesday 11 <sup>th</sup> June
June 2024	10	Thursday 4 <sup>th</sup> July	Tuesday 9 <sup>th</sup> July
July 2024	11	Wednesday 7 <sup>th</sup> August	Thursday 8 <sup>th</sup> August
August 2024	12	Thursday 19 <sup>th</sup> September **	Thursday 26 <sup>th</sup> September **

\*Later close/report date due to holiday period

\*\* Year End