



# EBOR ACADEMY TRUST

**Policy Number**

**14**

**Financial Procedure Manual**

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## **1. Introduction**

The purpose of this manual is to ensure that the academy trust maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education & Skills Funding Agency (ESFA).

The academy trust must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.

This manual serves as an adjunct to the financial scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

## **2. Financial Planning**

The academy trust prepares rolling 3 to 5 year budgets within the SBS Online budgeting & forecasting system. It is a requirement of the ESFA for the Trustees to set a balanced budget for the academy trust. Individual academies are expected to present a balanced budget but may, with the permission of the Trustees, operate a deficit budget.

## **3. The Budget Cycle**

The budget cycle is as follows:

### Cycle 1 (Sept – Dec)

- Finance Scrutiny Committee (FSC) agrees budget assumptions
- October Census completed to confirm pupil numbers
- Draft Budgets completed based on pupil numbers.
- Headteacher proposed staffing changes to Local Governing Body (LGB)

### Cycle 2 (Jan – Mar)

- Staffing structure agreed with Headteacher, LGB & Exec Team
- Initial Budget completed based on agreed staffing structure
- FSC review initial budget proposals
- Funding amounts confirmed by ESFA

### Cycle 3 (Apr – Aug)

- Start Budget reviewed by LGB
- Start Budget finalised
- Start Budget recommended by FSC & approved by Trustees
- Start Budget submitted to ESFA

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.

#### 4. Budget

- 4.1 The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Trustees, following approval from the FSC.
- 4.2 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.
- 4.3 The budgetary planning process will incorporate the following elements:
  - a) forecasts of the likely number of pupils to estimate the amount of General Annual Grant (GAG)
  - b) latest estimate of other ESFA funding e.g. pupil premium, Yr7 Catch-Up or other specific funds
  - c) review of other income sources available to the academy to assess likely level of receipts
  - d) review of past performance against budgets to promote an understanding of the academy cost
  - e) 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
  - f) An agreed staffing structure
  - g) Detail of all recharges and costs from the central cost centres or other academies
  - h) A longer term 3-5 year projection
- 4.4 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.
- 4.5 If there is a significant variance from the anticipated budget this will be escalated to the Executive Team, the FSC and the Chair of the LGB as part of the monthly management accounts procedure.
- 4.6 The approved budget is then entered onto the finance system at the start of the new financial year.

## **5. Other Government Funding**

- 5.1 In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. devolved capital, nursery funding, 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.
- 5.2 The Finance Director is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

## **6. Other Grants and Specific Funding**

- 6.1 In addition to the GAG funding from the ESFA and other government funding, the trust 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 applications for additional external funding must be approved and supported by the Trustees. 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.
- 6.2 The Finance Director is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

## **7. Funds Held in Trust**

Where funds are held in trust the Finance Director 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.

## **8. Virements**

- 8.1 Substantial virements shall be approved and minuted by the Executive Team and/or the FSC and should be within the agreed criteria and financial limits.
- 8.2 The CEO, COO, Finance Director & Finance Manager are given delegated power to vire from one budget to another as per the limits set out in the Financial Scheme of Delegation.

## **9. Revised Budget**

- 9.1 Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Head teacher and the School Business Professional. These reports are reviewed by the Accounting Officer and the Executive Team and forwarded to the Chair of the LGB and the Chair of Trustees. The latest reports are also scrutinised by the FSC each time they meet.
- 9.2 Where significant variations to the agreed budget are identified or where significant staff changes have occurred in-year, then a revised budget should be prepared and approved by the FSC. This revised budget should then form the basis of analysis of all income and expenditure until the financial year end.

## **10. Budget Forecast Return**

The approved budget must be submitted to ESFA in July each year by the Finance Director. The Finance Director is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

## **11. Monitoring and Review (including management accounts)**

11.1 Monthly reports are prepared by School Business Partner and the Head teacher and consolidated by the Finance Manager and the Finance Director. The reports include:

- a) actual income and expenditure against budget (shown as month to date and cumulatively)
- b) balance sheet
- c) cash flow forecast
- d) capital report
- e) summary commentary for each academy & cost centre highlighting and explaining variances.

11.2 Any potential overspend against the budget must in the first instance be discussed with the executive team and the Head teacher.

11.3 The monthly reports are sent to the accounting officer, the Executive Team, the FSC, the Chair of Trustees and the Chair of the LGB.

## **12. Independent Checking Procedures**

12.1 The Trustees have appointed Wylie Bisset LLP to provide internal audit services, on a 3 year review cycle, to carry out an independent insight into the effectiveness of the trusts systems and controls and risk management procedures.

12.2 The FSC is responsible for identifying on a risk basis, with reference to the risk register, the areas to be reviewed each year.

12.3 The internal scrutiny will focus on:

- a) Evaluating the suitability of, and level of compliance with, financial and other controls
- b) Offer advice and insight to the committee on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting the executive teams responsibility for day to day running of the trust.
- c) Ensuring all categories of risk are being adequately identified, reported and managed.



### **13. Review of Regularity**

13.1 The CEO (in their role as Accounting Officer) is responsible the regularity, propriety and compliance of the academy trust and signs a declaration to this effect in the annual accounts. This includes responsibility to ensure:

- a) Efficient and effective use of resources (value for money)
- b) Public money is spent for the purposes intended by Parliament (regularity)
- c) Appropriate standards of conduct, behaviour and corporate governance are maintained ( propriety)
- d) Any instances of irregularity are reported to the Trustees and the ESFA.

13.2 The Accounting Officer has delegated the following responsibilities to the Finance Director:

- a) Monthly reviews of the management accounts
- b) reviews of compliance against the scheme of delegation
- c) reviews of transactions for evidence of connected party transactions
- d) value for money practice
- e) adherence to tendering policies
- f) review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
- g) review of trustees/governors' minutes

### **14. Annual Accounts**

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

14.2 The accounts are prepared in house by the Finance Director and audited by our auditors Wylie Bisset LLP. The accounts are then submitted as follows:

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

### **15. Value for Money Statement**

As part of the annual accounts the trust must include 3 focussed examples of value for money.

The Finance Director is responsible for collating the examples which are then confirmed by the finance scrutiny committee.

### **16. Audit Arrangements**

External auditors must be appointed in accordance with the Academies Financial Handbook.

The Finance Director 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.

## **17. Work Undertaken During Accounting Period**

The Finance Director is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

- a) reviewing the structure of the trial balance
- b) maintaining a fixed asset register
- c) monthly depreciation charges
- d) maintaining income and expenditure records (including filing of invoices)
- e) reviewing aged debtors for any provisions required
- f) maintaining a record of governors/trustees interests, related and connected party transactions
- g) control account reconciliations (bank, wages, debtors, creditors)
- h) maintaining a record of meeting attendance
- i) Monitoring & reporting to the Accounting Officer, FSC and Trustees.

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

The Finance Director is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- a) prepayments & accruals of material costs
- b) prepayments or accruals for grant income
- c) control account reconciliations (bank, wages, debtors, creditors)
- d) close down of the purchase ledgers
- e) close down of the sales ledgers and aged debtors
- f) pension valuations
- g) building valuations
- h) teachers pension audit

## **19. Accounts Return**

- 19.1 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.
- 19.2 The accounts return is prepared in house by the Finance Director and submitted to our auditors for sign off.

## **20. Land & Buildings Return**

- 20.1 The academy trust must prepare a Land & Buildings return, which is submitted to the ESFA in November.
- 20.2 The land & buildings return is prepared in house by the Finance Director and submitted to the ESFA.
- 20.3 The church owned schools require approval from the School Buildings Manager for the Diocese of York and the Clerk/Chair of Sproatley School Foundation, the owners of the church buildings, before it can be submitted to the ESFA.

## **21. Budget Forecast Outturn Report**

21.1 The academy trust must prepare a Budget Forecast Outturn Report for the accounting period to 31 March, which is submitted to the ESFA mid May.

21.2 The Budget Forecast Outturn Report is prepared in house by the Finance Director using the March management accounts, and submitted to the ESFA.

21.3 The figures are used to fix an opening balance forecast for the following years budget.

## **22. Document Retention**

Documents are retained in a secure storage area for the following amount of time:

- a) Finance records – current year plus preceding 6 years
- b) Payroll and travel records – current year plus preceding 6 years

## **23. Accounting System**

All the financial transactions of the academy trust must be recorded into the PS Financials system, the computerised financial information accounting system. This system is operated by the finance department.

## **24. System Access**

Access to the system is password restricted to the finance team and others have been authorised by the Finance Director e.g. external accounting providers.

## **25. Back-up Procedures**

25.1 The Finance Director is responsible for ensuring that there are effective back up procedures for the system. Data is backed up on a suitable medium or server and the copies stored in a secure place. Back-up copies are taken on at least a daily basis.

25.2 The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data.

## **26. Transaction Processing**

26.1 All transactions input to the accounting system must be authorised in accordance with the limits specified in the financial scheme of delegation, using the PS Purchasing system.

26.2 Bank transactions are input by the Finance Assistant or Financial Accountant and reviewed by the Finance Director.

## **27. Transaction Reports**

The Financial Accountant distributes transaction reports to the School Business Professionals each month to review the postings and ensure that the correct transactions are posted to the accounting system.

## **28. Reconciliations**

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

- a) sales ledger control account
- b) purchase ledger control account
- c) payroll control account
- d) VAT control account
- e) all suspense accounts
- f) bank balance per the nominal ledger to the bank statement

The Finance Director and the Financial Accountant sign all reconciliations as evidence of review.

## **29. Bank accounts**

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

- a) the trust is responsible for selecting the banking institution and negotiating the terms and conditions
- b) the finance scrutiny committee must authorise the opening of all bank accounts
- c) the Finance Director will ensure that in the event of changes to key personnel or trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
- d) the trust must ensure there are sufficient funds to cover large payments

## **30. Deposits**

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

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

The Financial Accountant is responsible for updating the accounting system (within 2 working days) for deposits placed.

## **31. Payments and withdrawals**

37.1 All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- a) CEO (Accounting Officer)
- b) COO
- c) Finance Director
- d) Business Finance Manager
- e) Financial Accountant

37.2 This provision applies to all accounts, public or private, operated by or on behalf of the academy trust including funds held in trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also requested the expenditure.

37.3 The Financial Accountant is responsible for updating the accounting system (within 2 working days) for deposits placed.

### **32. Administration**

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

- a) all bank accounts are reconciled to the academy's cash book
- b) reconciliations are prepared by the Finance Department
- c) reconciliations are subject to an independent monthly review carried out by the Finance Director or in his/her absence the COO.
- d) adjustments arising are dealt with promptly

### **33. Petty cash**

The academy trust does not hold any petty cash. Any cash received by the individual academies should be deposited with the academy trust bank account by the School Business Professional each month or when the balance reaches £500.

### **34. Payments**

No payments will be made using petty cash. All payments are made by cheque or electronic payment.

### **35. Administration**

Income records are submitted by the School Business Professional to Finance on a weekly basis to identify any cash or electronic payments made to the academy.

### **36. E-procurement & payments**

- 36.1 The school credit card is used for internet purchases or smaller one off items in a timely fashion.
- 36.2 The card is kept by the cardholder and is their responsibility to ensure it is kept safe and used appropriately. Additional verification is sent to the cardholders mobile for internet transactions.
- 36.3 Any department wishing to make a purchase on credit card must complete an order form and pass this to the School Business Professional or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the budget holder.
- 36.4 When the credit card bill arrives there will be a signed order form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.
- 36.5 The credit card bill, along with all the relevant order forms are then given to the Financial Accountant who will check the statement.

### **37. BACS payments**

37.1 All invoices should be forwarded to the central finance team for processing. Upon receipt the central finance team will ensure:

- a) an official purchase order has been raised for the purchase
- b) authorisation has been given as per the financial scheme of delegation
- c) a goods receipt has been processed
- d) it has not been previously paid
- e) VAT chargeability on qualifying expenditure is shown

37.2 The BACS or cheque payment run is prepared and the PS Financials system identifies any invoices which are due. The payment run value is authorised by the Finance Director and then processed electronically via the bank.

37.3 Normally, BACS payments are processed within a 30 days of the invoice date.

### **38. Investments**

38.1 Investments are made in accordance with written procedures approved by the FSC as per the investment policy.

38.2 All investments are 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.

### **39. Reserves**

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

41.2 The CEO as Accounting Officer must inform ESFA immediately if an overall academy trust deficit is anticipated.

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

41.4 If an individual academy has a deficit position the Finance Director will work with the head teacher and chair of the LGB to create a deficit recovery plan, which will be agreed by the finance scrutiny committee.

41.5 The academy trust aims to ensure that a contingency reserve of between 3% & 5% of charitable income is kept.

#### **40. Capital reserves**

- 40.1 Any overall surpluses at the end of the year are carried over to the following year.
- 40.2 It is the responsibility of the Finance Director to keep accurate records of the capital funds, especially where grants have been received for capital projects.
- 40.3 The prior year's Schools Condition Allocation capital spend is reported to the ESFA in October each year by the Finance Director.

#### **41. Endowments**

- 41.1 The Finance Director is responsible for accounting for the transactions within the endowment fund.
- 41.2 Any transactions are in line with the memorandum and articles.

#### **42. Payroll**

#### **43. Staff appointments**

- 43.1 The trustees have approved a personnel establishment for the academy trust. Additions can only be made to this establishment with the approval of the Payroll Manager, the Finance Director and Senior Executive Headteacher who must ensure that adequate budgetary provision exists for any establishment changes, using the Blue Octopus recruitment system.
- 43.2 The CEO & COO have authority to appoint staff within the authorised establishment except for the Executive team & Head teachers whose appointments must follow consultation with the Trustees and LGB respectively.
- 43.3 The HR Director maintains personnel files for all members of staff which include contracts of employment on the Selima HR system. All personnel changes must be notified, in writing, to the HR team immediately.
- 43.4 The Business Support Manager is responsible for obtaining the relevant DBS checks and ensuring these are retained on file

#### **44. Payroll administration**

- 44.1 Payroll is administered through the academy trust's internal payroll department, using the Selima payroll software.
- 44.2 All staff are paid on the last working day of each calendar month. A master file is created in Selima for each employee which records all the employees details.
- 44.3 New master files can only be created by the HR department following the appointment of an employee and are authorised by the HR Director.
- 44.4 All absence is recorded on Selima by the employees line manager
- 44.5 Timesheets for additional hours, temporary work or overtime undertaken are completed

by the employee and authorised by the budget holder. They are then forward to the HR department for processing.

#### **45. Payments**

- 45.1 The payroll is authorised by the HR Director following a review of the exception reports
- 45.2 A BACS file is passed to the Finance Director who reconciles the file to the payroll reports and authorises payment.
- 45.3 All salary payments are made by BACS.
- 45.4 The payroll system 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 are prepared by the finance department and authorised for payment by the Finance Director and other authorised signatory, by the due date.
- 45.5 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The finance department reviews 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.
- 45.6 Monthly, the School Business Professional checks each member of staff that the gross pay per the payroll system agrees to the forecasted salary held within the SBS Online budgeting software.

#### **46. Salary advances**

The trust only awards salary advances in exceptional circumstances and these must be authorised by the Finance Director.

#### **47. Overtime**

- 47.1 Overtime is recorded by the individual and submitted month to the line manager for authorisation. The School Business Professional sends the claim forms and copies of the time sheets to the HR department.
- 47.2 Claim forms must not be submitted prior to work having been undertaken.
- 47.3 No payments for work undertaken will be made other than via the payroll system.

#### **48. Severance payments**

- 48.1 The academy trust is able to self-approve the non-contractual element of severance payments up to the delegations set out in the Academies Financial Handbook. A business case must be presented before agreeing a payment.
- 48.2 Where the non-contractual element is on or over the set limits prior approval from ESFA must be sought.
- 48.3 The Accounting Officer must sign off and review each business case.

#### **49. Ex-gratia payments**

Any ex-gratia payments must be submitted to ESFA for approval in line with the delegations set out in



## **50. Income**

### **51. ESFA grants**

The main sources of income for the academy are the grants from the ESFA. The receipt of these sums is monitored directly by the Financial Accountant who is responsible for ensuring that all grants due to the academy are collected.

### **52. Other grants**

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

### **53. Trips**

53.1 The School Business Professional takes responsibility for the collection of all sums due. A record is prepared for each student intending to go on the trip showing the amount due within the Parentpay system.

53.2 Parents should make payments either in cash or cheque to the school office or electronically via the Parentpay system.

53.3 The School Business Professional should maintain an up to date record for each student showing the amount paid and the amount outstanding.

53.4 Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Head teacher in advance of the booking being made.

### **54. Catering**

54.1 Cash payments must be recorded and reconciled on a daily basis by the School Business Professional to the lunch records. The cash is kept safe prior to banking and reported to the finance team on an income record when deposited at the bank.

54.2 Electronic payments via Parentpay are reconciled on a daily basis and reported to the finance team via the income records weekly.

### **55. Lettings**

55.1 The School Business Professional is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation.

55.2 Details of organisations using the sports facilities will be forwarded to the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.

55.3 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.

## **56. Sundry income**

Income from other sources (for example educational consultancy) is priced in consultation with the Finance Director. The transaction must not be undertaken until the price has been agreed and the customer has been assessed for ability to pay in accordance with the agreed consultants policy. The Finance Director approves all credit agreements.

## **57. Bad debts**

- 57.1 The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issues, by telephone or letter.
- 57.2 If the debt remains unrecoverable after 3 months, or it becomes clear that the debt will not be repaid, the Financial Accountant submits a report to the Finance Director for approval to begin legal action to recover the debt.
- 57.3 The Finance Director may decide to write off the debt if the legal costs outweigh the chances of recovering the debt. These write off are subject to the freedoms and delegations set out in the Academies Financial Handbook and the financial scheme of delegation.

## **58. Purchasing**

- a) 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

- b) Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs
- c) Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

## **59. Routine Purchasing**

- 59.1 Budget holders will be informed of the budget available to them at least one month before the start of the academic year as per the budget timetable. 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 from the on line financial information system.
- 59.2 Routine purchases up to £5,000 can be ordered by budget holders, subject to their limits as per the financial scheme of delegation. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the finance department on PS Financials. 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 on the approved supplier list the reasons for this decision must be detailed on a new supplier form and authorised by the Finance Director. Copies of all quotes must be retained by the purchaser.

## **60. E-procurement**

Any department wishing to make a purchase on credit card must complete an official order form in the usual manner and pass this to the cardholder, School Business Professional or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the budget holder.

Occasionally the credit card is used to purchase small items, where it is not possible to order this elsewhere. This must be recorded and countersigned by the budget holder.

## **61. Orders**

- 61.1 All orders must be made using an official purchase order form using PS Purchasing. Orders will be sent to the budget holder for approval.
- 61.2 Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure.
- 61.3 The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the recipient must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
- 61.4 The order should then be goods receipted on PS Purchasing by the budget holder, detailing any changes to the order for missing or replacement items.
- 61.5 All invoices should be sent directly to the finance department. Invoice receipt will be recorded by the finance department (and the invoice scanned) into the PS Financials purchase ledger module.
- 61.6 Any invoices without a purchase order will be returned to the School Business Professional to have the correct paperwork and authorisations completed.
- 61.7 If a budget holder is pursuing a query with a supplier the finance department must be informed of the query and periodically kept up to date with progress.
- 61.8 Contracted supplies such as utilities or service agreements do not require a purchase order and will be input by the Finance department and a non-order purchase invoice. This will follow the authorisation procedure before being released for payment.
- 61.9 The finance department will generate a payment run based on the due dates of the outstanding invoices. The associated paperwork must be authorised by two of the nominated signatories.
- 61.10 BACS payments are input by the finance team and authorised on-line by two signatories in accordance with the banking policy and procedures (see E-procurement and Payments above).

## **62. Orders over £1,000 but less than £50,000**

- 62.1 For orders under £5,000, budget holders should give consideration to alternative suppliers and evidence attached if additional quotes have been sought.
- 62.2 At least three written quotations should be obtained for all orders between £5,000 & £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and e-mail confirmation of quotes has been received before a purchase decision is made and made in accordance with value for money principles.
- 62.3 All annual service contracts greater than 1 year, including contracts with an automatic renewal clause, must be sent to the central services team and can only be signed by an Executive Director, Trustee or the Company Secretary.

62.4 All works orders for over £2,000 for Church schools must also be authorised by the Diocese prior to work starting.

### **63. Orders over £50,000**

63.1 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures by the central services team. Official Journal of the European Union

63.2 Purchases or contracts over £180,000 for service contracts and £4.5M for works contracts are to be dealt with in accordance with OJEU

### **64. Trading with connected & related parties**

66.1 All trustees and employees are required to complete a declaration of interest form and keep these details updated.

66.2 Any conflicts of interest or related party transactions will be reported to the Accounting Officer, the Chair of Trustees, the Chair of the FSC and the Finance Director.

66.3 The Finance Director will inform the ESFA, in advance of signing any contracts with a related party, to either inform or obtain approval from the ESFA to engage in the transaction, as per the thresholds set out in the Academies Financial Handbook.

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

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

### **66. 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.

66.1 **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the central team 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.

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

- a) there is a need to maintain a balance between the contract value and administrative costs,
- b) 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,
- c) the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

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

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

## **67. Preparation for tender**

67.1 Full consideration should be given to:

- a) objective of project
- b) overall requirements
- c) technical skills required
- d) after sales service requirements
- e) form of contract

67.2 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.

67.3 A tender brief must always be prepared and is reviewed by the Executive Team as per the financial scheme of delegation.

## **68. Invitation to tender**

67.1 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.

67.2 An invitation to tender should include the following:

- a) introduction/background to the project
- b) scope and objectives of the project
- c) technical requirements
- d) implementation of the project
- e) terms and conditions of tender
- f) form of response
- g) dates for decision and work to be delivered

67.3 The invitation to tender should state the date and time by which the completed tender document is received by the academy trust. Tenders are 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 are not accepted.

## **69. Tender opening procedures**

69.1 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.

69.2 A separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.

## **70. Tendering acceptance procedures**

70.1 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.

- 70.2 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.
- 70.3 Full records should be kept of all criteria used for evaluation and a report should be prepared for the executive team highlighting the relevant issues and recommending a decision.
- 70.4 The accepted tender should be the one that is economically most advantageous to the academy and provides the best value for money. All parties are then informed of the decision.

## **71. Insurance**

- 71.1 The FSC 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.
- 71.2 We have opted in to the Department for Education's Risk Protection Arrangements. Plus additional insurance to cover the motor vehicles.
- 71.3 We do not take out staff absence or maternity insurance, but instead self-insure across the trust.
- 71.4 Budget holders must ensure all valuable are kept under lock and key when not being used in a supervised manner.
- 71.5 Any excess incurred will be funded by the department concerned as no budget is held centrally. Items under the insurance excess will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

## **72. Governors/Trustees expenses**

- 72.1 All Governors/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:
  - a) childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
  - b) cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
  - c) the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
  - d) the cost of travel relating only to travel to meetings/training courses at the same specified rates for employees
  - e) travel and subsistence costs, associated with attending national meetings or training events, unless these costs can be claimed from the any other source
  - f) telephone charges, photocopying, stationery, postage etc.
  - g) any other justifiable allowances
- 72.2 The trustees acknowledge that:
  - a) Governors/Trustees are not paid attendance allowance
  - b) Governors/Trustees are not reimbursed for loss of earnings
- 72.3 Governors/Trustees wishing to make claims under these arrangements, must complete a claims form from the Finance Department together with the relevant receipts. The form must be submitted to the finance department when they will be submitted for approval by the Chair of Governors/Trustees, Accounting Officer or Company Secretary.

72.4 Claims will be subject to independent audit and may be investigated by the Chair of Trustees (or Chair of Finance Scrutiny Committee in respect of the Chair of Trustees) if they appear excessive or inconsistent.

### **73. Gifts**

73.1 Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £15 are reported by the Finance Director to the Accounting Officer in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses (see Gifts & Hospitality Policy for further details).

73.2 Gifts that have been reported are entered onto the gifts and hospitality register.

### **74. Energy management**

74.1 The School Business Professionals are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Any discrepancies or unusual reading should be raised with the Finance Director immediately.

74.2 The Site Manager ensures that the school's heating system is operated and run as efficiently as possible.

74.3 The Finance Director ensures that the school is purchasing energy at the most competitive prices available, via a tender process every 3-5 years.

74.4 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).

### **75. Fraud**

The trust does not tolerate fraud. Where instances of fraud are found the Finance Director or the Accounting Officer will notify the ESFA and the police.

### **76. Whistleblowing**

76.1 The whistleblowing policy is agreed by the trustees.

76.2 Any concerns raised by whistleblowers will be responded to properly and fairly.

### **77. Leasing**

77.1 The trust does not enter into finance leases.

77.2 Operating leases are used where the Executive Team feels this is the best value for money.

## **78. Pooling of GAG**

78.1 The trust does not amalgamate GAG into one central fund.

78.2 If an individual academy feels it is not treated fairly in relation to its funding the LGB can appeal to the trust by writing to the Chair of the FSC. If the grievance is not resolved they have the right, as per the Academies Financial Handbook, to appeal to the Secretary of State.

## **79. VAT**

The Financial Accountant is responsible for submitting the VAT 100 form per month and ensures compliance with HM Revenue and Customs for claiming the correct levels of VAT. The VAT 100 form is reviewed by the Finance Director before submission.

## **80. Fixed assets**

### **81. Asset register**

81.1 All items purchased with a value over the academy's capitalisation limit of £5,000 must be entered on the fixed asset register with the following details:

- a) asset description
- b) asset number
- c) serial number
- d) date of acquisition
- e) asset cost
- f) source of funding (% of original cost funded from grant and % funded from other sources)
- g) expected useful economic life
- h) depreciation
- i) current book value
- j) location
- k) name of member of staff responsible for the asset

81.2 The asset register helps:

- a) ensure that staff take responsibility for the safe custody of assets
- b) enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- c) to manage the effective utilisation of assets and to plan for their replacement
- d) help the external auditors to draw conclusions on the annual accounts
- e) support insurance claims in the event of fire, theft, vandalism or other disasters

81.3 Examples of items to include on the asset register include:

- a) Land
- b) Buildings
- c) Leaseholder improvements
- d) Groundworks - playgrounds
- e) ICT hardware & infrastructure
- f) Furniture
- g) Catering equipment – ovens, fridges
- h) Mini buses



## **82. Security of assets**

82.1 All the items in the register are permanently and visibly marked as the academy trust's property.

82.2 Equipment is, where possible, stored securely when not in use.

82.3 An annual count is undertaken by the Operations Department, who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

## **83. Disposals**

83.1 Disposals, where applicable, are in line with the Academies Financial Handbook.

83.2 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Director 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 which is a land, building or heritage asset.

## **84. Loan of Assets**

84.1 Items of academy property must not be removed from academy premises without the authority of the Accounting Officer. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

84.2 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.