



# The White Hills Park Trust

*A Culture of Excellence*

## Financial Regulations

Issue date: February 2020

Review date: February 2021

---

### Contents

Introduction	2
Organisation	2
- Board of Trustees	2
- Audit and Risk Committee	3
- Role of the Chief Executive Officer	3
- Role of the Trust Accountant and Trust Finance Manager	4
- Other staff	4
Delegated Authority to the Trust	5
Process for Independent Checking	6
Register of Interests and People with Significant Control	7
Accounting System	8
Financial Planning	8
Payroll	8
Purchasing	12
Income	17
Cash Management	18
Fixed Assets	20
Other Matters	21
- Irregular or Improper Transactions	
- Managing Surplus General Annual Grant (GAG)	
- Pooling of GAG by Multi Academy Trusts	

## **Introduction**

- 1.1 The purpose of this manual is to ensure that the Academy Trust 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 Multi Academy Trust Master Funding Agreement and the individual school Supplemental Agreements with the Secretary of State for Education.
- 1.2 Each school within the Academy Trust must comply with the principles of financial control outlined in the Academies Financial Handbook and any additional Guidance published by the Education and Skills Funding Agency (ESFA). This manual expands on that and provides detailed information on the Academy Trust's accounting procedures and shall be read by all staff with financial responsibilities.
- 1.3 Compliance with the policy is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer. For The White Hills Park Trust this office resides with the Chief Executive Officer.
- 1.4 All staff are aware of the Trust's whistleblowing policy and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the DfE.
- 1.5 The Trust's Audit and Risk Committee will be responsible for reviewing all controls and procedures of financial systems operating within the Trust. A self-assessment of the financial administration and management within each school is carried out at all levels by the Accounting Officer, the Trust Finance Manager, Head teachers and Local Governing Boards.

## **2 Organisation**

- 2.1 The White Hills Park Trust (WHP) is a Multi-Academy Trust. The Trust is a company limited by guarantee with charitable status and all schools within the White Hills Park Trust are governed by one trust (the members) and a Board of Trustees (Directors).

The Members of the company shall comprise

- 4 Founder members
- The Chairperson of the Board of Trustees

- 2.2 The Members shall appoint up to 12 Trustees, of whom:
  - Up to 8 shall be appointed by the Members
  - Minimum 2 Parent Trustees
- 2.3 The Trustees must establish separate committees to be known as Local Governing Boards for each school and will ensure that, wherever possible, each Local Governing Board shall include at least 2 elected representatives of the parents of pupils attending the relevant schools.
- 2.4 The Academy Trust has defined the responsibilities of each person involved in the administration of the Academy Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for the Board and staff.

## **3 The Board of Trustees**

- 3.1 The Board has full responsibility for the administration of the Academy's finances. The main responsibilities and powers of the Board are prescribed in statute, charity law, the Master and

Supplemental Funding Agreements between the Academy and the Secretary of State for Education and the Articles of Association. The main responsibilities include:

- Ensuring that the Trust's funds are used in accordance with the law, the Articles of Association, the funding agreement and the Academies Financial Handbook;
- Identify the skills and experience that it needs and address any gaps through recruitment and/or induction, training and other development activities;
- For ensuring economy, efficiency and effectiveness in the use of the funds (Value for Money);
- Providing details of the Academy Trust's governance arrangements in the governance statement within the annual accounts and on the website.
- Understand and comply with their statutory duties to avoid conflicts of interest and to declare an interest in proposed transaction or arrangements
- Approval of the annual budget;
- Create a pay committee that will approve salary progression for teaching staff in line with the new performance related pay and the Trust's own pay policy.

#### **4 The Audit and Risk Committee**

4.1 The Audit and Risk Committee is a committee of the Board. The Audit and Risk Committee meets at least once a term but more frequent meetings will be arranged if necessary and business conducted only if quorate.

4.2 The main responsibilities of the Audit and Risk Committee are detailed in the written terms of reference which have been authorised by the Board. The main responsibilities include:

- Formulate the annual budget having considered the Academy's development plan and management plan for approval by the full Board.
- To balance the budget.
- To provide guidance to the Board and its Committees on financial matters.
- To monitor the financial affairs of the Academy Trust and to report as appropriate/termly to the Board.
- To agree financial policies for full Board approval.
- To consider auditors' reports and arrange for the auditing of any Academy Trust Funds.
- To monitor finance reporting to the ESFA.
- To consider any other financial matters and take appropriate action.
- Ratify and monitor the Academy Trust's health and safety policy
- To determine matters relating to building maintenance including H&S and lettings outside school hours.
- Ensure that an annual H&S survey of the Academy premises takes place and reports are received.
- Ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies;
- To authorise the award of contracts over £50,000 subject to formal tendering
- To authorise financial changes to the Academy personnel establishment
- Selection, planning and oversight of any capital projects
- Ensure that the Trust has sufficient insurance cover

#### **5 Roles and Responsibilities**

##### **Chief Executive Officer (CEO)**

5.1 Within the framework of the Academy Trust development plan as approved by the Board the CEO has overall executive responsibility for the Academy's activities including specifically for financial activities. The CEO is the Trust's appointed Accounting Officer and has responsibility for:

- value for money – achieving the best possible educational outcomes through the economic, efficient and effective use of resources. A key objective is to achieve value for money not only for the trust but for taxpayers generally.
- regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust’s funding agreement and the handbook, and compliance with the trust’s internal procedures – this includes spending public money for the purposes intended by Parliament
- propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament’s intentions and the principles of parliamentary control – this covers standards of conduct, behaviour and corporate governance
- To complete and sign a statement on regularity, propriety and compliance annually to be submitted to the ESFA with the audited accounts.
- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board have agreed shall be approved by them;
- Authorising contracts and orders up to £49,999;
- Authorised signatory for cheques and BACS.
- Authority to authorise the issue and use of Debit Cards
- The Accounting Officer will advise the Board of Trustees in writing, if at any time, in his opinion, any action or policy under consideration by the governing body is incompatible with the terms of the Articles, Academies Financial Handbook or the Funding Agreement.

#### **Trust Management Accountant/Trust Finance Manager**

5.2 The Trust Management Accountant and the Trust Finance Manager work in close collaboration with the CEO and the Trust Operations Director through whom they are responsible to the Board. The Trust Management Accountant and the Trust Finance Manager also have direct access to the Board members via the Audit and Risk Committee. The main responsibilities of the Trust Management Accountant and the Trust Finance Manager are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the Academy Trust’s financial position at an operational level within the framework for financial control determined by the Board;
- The maintenance of effective systems of internal control;
- Maintenance of adequate fixed asset registers
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy Trust;
- The preparation of monthly management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet;
- Authorising orders below £5000 in conjunction with budget holder;
- Signing cheques and authorising BACs payments in conjunction with the CEO or other authorised signatory and
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

#### **Other Staff**

5.3 Other members of staff, primarily the Finance Assistant, Senior Finance Officers and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of the Academy Trust’s 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 Trust’s financial procedures.

## 6 Delegated Authority to the Trust

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

### Liabilities and write-offs

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

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

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

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

### Severance Payments

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

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

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

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

Where the Trust is considering making a special staff severance payment or compensation payment above the contractual entitlement of £50,000 or more, prior approval will need to be sought from HM

Treasury, via the ESFA, before any such payment can be made. The Trust in this situation should speak to their ESFA contact at the earliest opportunity to discuss.

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

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

### **Asset sales, leases and tenancy agreements**

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which are a form of borrowing) and there are operating leases (which do not involve borrowing). Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

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

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

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

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

## **7 Process for Independent Checking**

### **Financial controls, systems, transactions and risks.**

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

The Audit and Risk Committee for the Trust will undertake the responsibility for the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks to internal financial control at the Trust and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

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

- The work of an internal audit service (either in-house, bought-in or provided by a sponsor)
- The performance of a supplementary programme of work by the Trust's external auditor
- Completing the work by peer review

### **Investigation of Fraud and Irregularity**

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

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

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

### **Appointment of External Auditors**

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

The auditors are required to give an opinion on whether:

- The financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Directions issued by the EFA
- Proper accounting records have been kept by the Trust throughout the financial year
- Grants made by the Trust have been applied for the purposes intended

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

## **8 Register of Interests and People with Significant Control (PSC'S)**

- 8.1 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 Trust Board members and staff, are required to declare any financial interests they have in companies or individuals from whom the Academy Trust may purchase goods or services. The register is open to public inspection and for Trustees will be published on the Trust's web-site.

- 8.2 The register shall 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 Trust. The disclosures shall also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Board member or a member of staff by that person.
- 8.3 The existence of a register of business interests does not, of course, detract from the duties of Board members and staff to declare interests whenever they are relevant to matters being discussed by the Board or a committee. Where an interest has been declared, Board members and staff shall not attend that part of any committee or other meeting.
- 8.4 Companies and LLPs have an obligation to set up and maintain a register of individuals or legal entities which shows who has significant control over the company. Charitable companies limited by guarantee, which include academy trusts and all wholly-owned trading subsidiaries of academy trusts, will be subject to the regime.
- 8.5 The PSC register will be maintained by the Trust and an annual statement made through the return required by Companies House.

## **9 Accounting system**

- 9.1 All the financial transactions of the Academy must be recorded on the approved accounting system (currently PS Financials).

The system is operated by the Finance Department and consists of:

- Nominal Ledger
- Purchase Ledger
- Staff Ledger
- Sales Ledger
- School Fund
- VAT Ledger
- Fixed Asset Ledger
- Facilities Ledger

- 9.2 Payroll is outsourced to Nottinghamshire County Council.

## **10 System Access**

- 10.1 Entry to the accounting system is password restricted and the Trust Finance Manager is responsible for implementing a system which ensures that passwords are changed as appropriate
- 10.2 Access to the component parts of the accounting system can also be restricted and the Trust Finance Manager is responsible for setting access levels for all members of staff using the system.

## **11 Back-up Procedures**

- 11.1 The Trust IT Services Manager and his team are responsible for ensuring that there are effective back up procedures for the system. The White Hills Park Trust runs a disk backup system using Veeam backup and replication with a full backup and increments of 100 on all mission critical services and servers. Restores can be done from any point in the last 100 days.
- 11.2 A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system in a fireproof container.



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

## **12 Transaction Processing**

12.1 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All internal Bank Transfers are undertaken by the Trust Finance Manager only, are authorised by the CEO/Trust Operations Director by way of Month End Reports, and retained for external audit.

12.2 NB Detailed information on the operation of the accounting system can be found in the user manuals held in the Finance Office.

## **13 Transaction Reports**

13.1 The Trust Management Accountant and the Trust Finance Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- Management accounts summarising expenditure and income against budget at budget holder level.

## **14 Reconciliations**

14.1 The Trust Finance Manager will have responsibility for ensuring the following reconciliations are performed each month and that any reconciling or balancing amounts are cleared as follows:

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- all suspense accounts and
- Bank balance per the nominal ledger to the bank statement.

14.2 Any unusual or long outstanding reconciling items must be brought to the attention of the Resources Committee.

## **15 Financial planning**

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

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

15.3 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy Trust and the planned use of those resources for the following year.

15.4 The development planning process and the budgetary process are described in more detail below.

## **16 Academy Trust Development Plan**

16.1 The development plan is concerned with the future aims and objectives of the Academy Trust and how they are to be achieved; that includes matching the Academy Trust's objectives and targets to

the resources expected to be available. Plans shall be kept relatively simple and flexible. They are the “big picture” within which more detailed plans may be integrated.

- 16.2 The form and content of the development plan are matters for the Academy Trust to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the ESFA.
- 16.3 Each year the CEO will propose a planning cycle and timetable to the Board which allows for:
- A review of past activities, aims and objectives - “did we get it right?”
  - Definition or redefinition of aims and objectives – “are the aims still relevant?”
  - Development of the plan and associated budgets – “how do we go forward?”
  - implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course” and
  - Feedback into the next planning cycle – “what worked successfully and how can we improve?”
- 16.4 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the CEO.
- 16.5 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan shall also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 16.6 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a specified individual. The responsible manager shall monitor performance against the defined success criteria throughout the year and report to the senior management team on a regular basis. The senior management team will report to the Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

## **17 Annual Budget**

- 17.1 The Trust Management Accountant and the Trust Finance Manager are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO, Trust Operations Director, the Audit and Risk Committee and the full Board.
- 17.2 The approved budget must be submitted to the ESFA in accordance with the issued timetable each year and the Trust Management Accountant is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 17.3 The annual budget will reflect the best estimate of the resources available to the Academy Trust for the forthcoming year and will detail how those resources are to be utilised. There shall be a clear link between the development plan objectives and the budgeted utilisation of resources.
- 17.4 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
  - review of other income sources available to the Academy Trust to assess likely level of receipts;
  - review of past performance against budgets to promote an understanding of the Academy Trust cost base;
  - Identification of potential efficiency savings and 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.

## **18 Balancing the Budget**

- 18.1 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income shall 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 reserves or alternatively allocated to areas of need.

## **19 Finalising the Budget**

- 19.1 Once the different options and scenarios have been considered, a draft budget shall be prepared by the Trust Management Accountant and the Trust Finance Manager for approval by the CEO, Trust Operations Director, Audit and Risk Committee and the full Board. The budget shall be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 19.2 The budget shall be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget shall be seen as a working document which may need revising throughout the year as circumstances change.

## **20 Monitoring and Review**

- 20.1 Monthly management reports will be prepared by the Trust Management Accountant. The reports will detail actual income and expenditure against the budget at a summary level for the CEO and the Trustees. The (Senior) Finance Officer will prepare budget statements for budget holders and this process will be overviewed by the Trust Finance Manager.
- 20.2 Any potential overspend against the budget must in the first instance be discussed with the CEO and the Trust Operations Director. The accounting system will not allow payments to be made against an overspent budget without the approval of the Trust Finance Manager.
- 20.3 The monitoring process shall be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. Budget virements may be agreed by the CEO or Academy Head Teacher if there is no change to the overall position of the budget. All budget adjustments that impact on the overall position of the budget must be authorised by the **Resources Committee**.

## **21 Payroll**

- 21.1 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- Payments.

## **22 Staff Appointments**

- 22.1 The CEO has authority to appoint staff within the authorised establishment except for Deputy Head Teachers or other senior posts whose appointments must follow consultation with the Board members. The Trust Operations Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes will be notified to the Trust Finance Manager.

## **23 Payroll Administration**

- 23.1 The Academy payroll is administered via the Payroll Department at the Nottinghamshire County Council. Access to the system is password controlled. Password control procedures and back-up arrangements are in place.
- 23.2 All staff are paid monthly through the Nottinghamshire County Council payroll package. A master file is created for each employee which records:
- salary;
  - bank account details;
  - taxation status;
  - personal details and
  - Any deductions or allowances payable.
- 23.3 New master files can only be created by authorised staff.
- 23.4 The Cover Manager records details for all staff in respect of sickness and other absences. The Trust Operations Assistant consolidates this information and submits the information to the Payroll Department on a monthly basis directly onto the payroll system through the BMS system. Any new appointments or terminations are notified to the Payroll Department by the Trust Operations Manager or Trust Operations Assistant.

## **24 Payments**

- 24.1 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total shall be obtained from payroll. The print is reviewed, compared to the gross/net listing.
- 24.2 All salary payments are made by BACS.
- 24.3 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 and reconciliations for these amounts shall be prepared by the Trust Finance Manager and authorised for payment by the Trust Finance Manager and the CEO or other authorised cheque signatory if one is unavailable, by the due date.
- 24.4 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Trust Finance Manager shall 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 up-dated and to identify any amounts posted to the suspense account. This is signed off by the CEO on a monthly basis as part of the month end process.
- 24.5 On an annual basis the Trust Management Accountant must check a sample of members of staff to ensure that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

## **25 Purchasing**

- 25.1 The Academy Trust wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they 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 Trust;
- Accountability, the Academy is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the Academy Trust are dealt with on a fair and equitable basis.

## **26 Routine Purchasing**

- 26.1 Budget holders will be informed of the budget available to them. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder and budget holders are encouraged to keep their own records of orders placed but not paid for.
- 26.2 Routine purchases in accordance with current delegation of authority can be ordered by budget holders. A quote or price must always be obtained before any order is placed.
- 26.3 All orders must be made, or confirmed, in writing using an official requisition form available on the L:\ drive. Requisitions must bear the signature of the budget holder or be e-mailed from a validated e-mail address and must be forwarded to the Finance Office where the Finance department will check to ensure adequate budgetary provision exists before processing the order.
- 26.4 Orders will be produced automatically from the accounting system, allocated a reference number and dispatched to the supplier by the Finance Office.
- 26.5 On receipt the budget holder 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 shall be discussed with the Finance Office without delay.
- 26.6 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Office will keep a central record of all goods returned to suppliers.
- 26.7 All invoices will be sent to the Finance Office. The Finance Office will stamp invoices with a grid against which the following can be evidenced:
- A) Goods/Services received;
  - b) Payment authorised
  - c) Order or Nominal
  - d) Cost Centre;
  - e) GRN/PI;
  - f) Authorisation;
  - g) Input
- 26.8 Boxes (a) & (b), will be completed by the Budget Holder. The invoice will then be returned to the Finance Office to complete boxes (c), (d), (e), (f) & (g). Before completing these boxes the budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Office.
- 26.9 Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
- 26.10 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.
- 26.11 When the budget holder has completed boxes (a) and (b) the invoice, order and GRN shall be sent to the Finance Office.

26.12 The Finance Office will then input details of payments to be made to the purchase ledger and generate the payments required. The payments and associated paperwork must be authorised by two of the nominated cheque signatories.

26.13 Cheques or BACS payments will be dispatched to suppliers by the Finance Office who will evidence payment by production of a payment list and then place it in the appropriate file.

## **27 Orders over £5000 but less than £50000**

27.1 At least three estimates or price lists shall be obtained for all orders between £5000 and £50000 to identify the best source of the goods/services. Written details of documents obtained shall be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and e-mail or faxed confirmation of quotes has been received before a purchase decision is made.

## **28 Orders over £50000**

28.1 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 or through suitable purchasing frameworks.

## **29 Orders over £181,302**

29.1 All goods/services ordered with a value over £181,302, or for a series of contracts which in total exceed £181,302 or building works over £4,551,413 must be subject to formal tendering procedures. The use of CPC for orders above this value meets the EU tender requirements. Purchases over £181,302 for goods/services or £4,551,413 for building works excluding VAT may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is available from <http://www.ojec.com/Thresholds.aspx>

## **30 Orders over £25,000**

30.1 All orders with a value of £25,000 or more, exclusive of VAT, will be reported to the Audit and Risk Committee.

## **31 Forms of Tenders**

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

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

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

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

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

- The above methods have resulted in either no or unacceptable tenders,
- Only one or very few suppliers are available,
- Extreme urgency exists,
- Additional deliveries by the existing supplier are justified.

### **32 Preparation for Tender**

32.1 Full consideration shall be given to:

- Objective of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract.

32.2 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.

### **33 Invitation to Tender**

33.1 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.

33.2 An invitation to tender shall 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 and
- Form of response.

### **34 Aspects to Consider**

34.1 Financial

Like shall 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 shall be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.

- Is there scope for negotiation?
- Technical/Suitability
- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards

34.2 Quality control procedures

Details of previous sales and references from past customers.

### 34.3 Other Considerations

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

### **35 Tender Acceptance Procedures**

35.1 The invitation to tender shall state the date and time by which the completed tender document shall be received by the Academy Trust. Tenders shall be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes shall be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline shall not normally be accepted.

### **36 Tender Opening Procedures**

36.1 All tenders submitted shall be opened at the same time and the tender details shall be recorded. Two persons shall be present for the opening of tenders as follows:

- For contracts over £181,302 - the Trust Management Accountant, the Trust Operations Director or the CEO;

36.2 A separate record shall 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.

### **37 Tendering Procedures**

37.1 The evaluation process shall involve at least two people. Those involved shall 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.

37.2 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.

37.3 Full records shall be kept of all criteria used for evaluation and for contracts over £164,176. A report shall be prepared for the Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £181,302 the decision and criteria shall be reported to the Resources Committee.

37.4 Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be obtained before the acceptance of a tender.

37.5 The accepted tender shall be the one that is economically most advantageous to the Academy Trust. All parties shall then be informed of the decision.

37.6 The Academy Trust's regulations and procedures for obtaining competitive tenders and/or quotations may be set aside without reference to the Resources Committee where:

- i. The supply is proposed under special arrangements negotiated by the school in which event the said special arrangements must be complied with
- ii. The timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender
- iii. Specialist expertise is required and is available from only one source



- iv. The task is essential to complete the project, arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate
- v. There is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering

### **38 Debit Cards**

38.1 The Academy Trust maintains a number of debit cards to assist in the purchasing of “on-line” items. All procedures covering approval and payments are the same as for normal purchases.

### **39 Liabilities and Write –offs**

39.1 The Trust can perform the following financial transactions:

- Writing off debts and losses
- Enter into guarantees, letters of comfort or indemnities

39.2 The academy trust **must** obtain ESFA’s prior approval for previous transactions beyond the delegated limits set out below. The delegated limits subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively 2.5% of total annual income in any one financial year per category of transaction for Trusts that have not submitted timely, unqualified audited accounts for the previous two financial years.
- Cumulatively 5% of total annual income in any one financial year per category of transaction for Trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

### **40 Leases**

40.1 The Trust does not require ESFA’s approval for operating leases except for some transactions relating to land or buildings.

40.2 The Trust **must** obtain ESFA’s prior approval for the following leasing transactions:

- Taking up a finance lease in any class of asset for any duration from another party (Borrowing)
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

### **41 Income**

41.1 The main sources of income for the Academy are the grants from the ESFA. The receipt of these sums is monitored directly by the Trust Finance Manager who is responsible for ensuring that all grants due to the Academy Trust are collected.

41.2 The Academy Trust also obtains income from:

- Students, mainly for trips and
- The public, for lettings.

#### 41.3 Trips

41.4 A lead teacher must be appointed for each trip to take responsibility for the management of the trip, including discussions with the Trust Finance Manager as to the level of charge to be made to ensure the trip does not run at a loss.

41.5 All payments are to be sent to the Finance Office. A receipt will be issued via Parentpay online for all monies collected and the value of the receipt will be recorded against the student making the payment.

41.6 The (Senior) Finance Officer shall maintain an up to date record for each student showing the amount paid and the amount outstanding. This record shall be sent to the lead teacher who will be responsible for assisting in the chasing of outstanding amounts.

#### 41.7 Lettings

41.8 The (Senior) Finance Officer in liaison with the Head of Property & Estates and school site staff are responsible for maintaining records of bookings of the facilities and for identifying the sums due from each organisation. Payments will be invoiced for the use of facilities.

41.9 Details of organisations using the facilities will be maintained by the Finance Assistant who will establish a sales ledger account and produce a sales invoice from the accounting system. The Finance Assistant is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

41.10 No debts shall be written off without the express approval of the Trust Management Accountant. The Trust Management Accountant will notify the Audit and Risk Committee of any amounts over £100 and the reasoning behind the decision (the ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

41.11 Organisations using the facilities shall be instructed to send all payments to the Finance Office.

### **42 Custody**

42.1 Official Academy receipts shall be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking shall take place once a week if the sums collected exceed the £5000 insurance limit on the Finance Office safe.

42.2 Monies collected must be banked in their entirety in the appropriate bank account. The (Senior) Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Trust Finance Manager.

### **43 Cash Management**

#### 43.1 Bank Accounts

43.2 The opening of all accounts must be authorised by the Board who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

43.3 Deposits

43.4 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details shall include:

- The amount of the deposit and
- A reference, such as the number of the receipt or the name of the debtor.

43.5 Payments and withdrawals

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

- CEO;
- Trust Operations Director
- Trust Finance Manager;
- Other authorised signatory as agreed by the Academy

43.7 This provision applies to all accounts, public or private, operated by or on behalf of the Board of the Academy Trust.

43.8 Administration

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

- All bank accounts are reconciled to the Academy Trust's cash book;
- Reconciliations are prepared by the Trust Finance Manager;
- Reconciliations are subject to an independent monthly review carried out by the Trust Operations Director or CEO;
- Adjustments arising are dealt with promptly.

43.10 Petty Cash Accounts

43.11 The Academy Trust maintains a maximum cash balance of £1000. The cash is administered by the Trust Finance Manager and is kept in the Finance office safe.

43.12 Deposits

43.13 The only deposits to petty cash shall be from cheques cashed specifically for the purpose. The receipt shall be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason shall be paid directly into the bank.

43.14 Payments and Withdrawals

43.15 In the interests of security, petty cash payments will be limited to £100, unless the Trust Finance Manager approves a higher payment at the CEO's request. Higher value payments shall be made by cheque directly from the main bank account as a cash book payment.

43.16 Administration

43.17 The (Senior) Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts shall be undertaken by the Trust Finance Manager to ensure that the cash balance reconciles to supporting documentation.

43.18 Physical Security

43.19 Petty cash shall be held in a locking cash box which is put in the safe overnight.

43.20 Cash Flow Forecasts

43.21 The Trust Management Accountant is responsible for preparing cash flow forecasts to ensure that the Academy Trust has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps shall be taken to invest the extra funds. Similarly plans shall be made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.

43.22 Investments

43.23 Investments must be made only in accordance with written procedures approved by the Board.

43.24 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

**44 Fixed assets**

44.1 Asset register

44.2 All items purchased with a value over the Academy's capitalisation limit must be entered in an asset register. The asset register shall include the following information:

- 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

44.3 The Asset Register helps 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;
- Manage the effective utilisation of assets and to plan for their replacement;
- The external auditors to draw conclusions on the annual accounts and the Academy's financial system and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

44.4 Security of assets

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

44.6 All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the

register. Discrepancies between the physical count and the amount recorded in the register shall be investigated promptly and, where significant, reported to the Audit and Risk Committee. Inventories of Academy property shall be kept up to date and reviewed regularly.

44.7 Where items are used by the Academy Trust but do not belong to it this shall be noted.

#### **45 Disposals**

45.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Trust Operations Director and, where significant, shall be sold following competitive tender. Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner.

45.2 The Academy Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the ESFA a proportion of the sale proceeds.

45.3 All disposals of land must be agreed in advance with the Secretary of State.

#### **46 Loan of Assets**

46.1 Items of Academy Trust property must not be removed from Academy premises without the authority of the Head of Department. A record of the loan must be recorded on a loan agreement and booked back in when it is returned.

46.2 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 shall therefore be kept under review and any potential benefits discussed with the Academy’s auditors.

#### **47 Other Matters**

##### **Irregular or improper transactions**

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

##### **Managing Surplus General Annual Grant (GAG)**

It is important that grant is spent as needed to avoid excess calls on Exchequer funding and public borrowing. The ESFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long-term capital projects.

The DfE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if the Trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

The ESFA will also verify the sums of unspent funds when it checks the Trust’s accounts and highlight and report, to the relevant DfE Boards, any cases where it has serious concerns about a long-term substantial surplus with no clear plans for use.

### **Pooling of GAG by Multi-Academy Trusts**

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

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

### **48 General Data Protection Regulations (GDPR) & Data Protection Act (DPA 2018)**

- 47.1 Data will be processed in line with the requirements and protections set out in the GDPR and the DPA 2018. Data will be held in accordance with the Trust's Management and Retention of Record's policy.