



HALES VALLEY TRUST

## Financial Regulations Policy

Policy adopted by Board of Directors	11 <sup>th</sup> May 2017
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This policy links to:	
Academy Trust Funding Agreement	
Academies Financial Handbook	
Academies Accounts Direction	
Capital Revenue & Reserves Policy	
Donations Policy & Procedures	
Delegation of Authority	
Whistleblowing Policy	

**REVIEW DATE: April 2019**

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## Introduction

1. The purpose of this manual is to ensure that the 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 Funding Agency (EFA).
2. The 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.
3. This manual serves as an adjunct to the scheme of delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

## Financial Planning

4. The academy trust prepares rolling 3 to 5 year budgets.

## The budget cycle

5. The budget cycle is as follows:
  - Autumn term (Sept – Dec)
    - Implementation of current budget plan
    - Monitoring expenditure (continuous-monthly)
    - Reconciliation and closure of previous financial year
  - Spring term (Jan – Mar)
    - Monitoring and Reviewing of year's budget
    - Revised Budget where appropriate
    - Pre-planning new financial year
  - Summer term (Apr – Aug)
    - Planning for forthcoming year
    - Preparation and submission of financial budget plan
    - Review of current year's budget

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

## **Budget**

6. The Chief Finance Officer and Accounting Officer are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Board of Directors and Chief Executive Officer.
7. 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.
8. The budgetary planning process will incorporate the following elements:
  - forecasts of the likely number of pupils to estimate the amount of General Annual Grant
  - latest estimate of other EFA funding e.g. pupil premium
  - review of other income sources available to the academy to assess likely level of receipts
  - review of past performance against budgets to promote an understanding of the academy cost
  - identification of potential efficiency savings
  - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
  - all carry forward balances
  - any unspent grants from the previous financial year
  - any funds held in Trust
9. 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.
10. If there is a significant (over 10%) departure from the anticipated budget this will be escalated to the Board of Directors as part of the monthly management accounts procedure.
11. The approved budget is then entered onto the finance system at the start of the new

financial year.

### **Other Government Funding**

12. In addition to GAG funding from EFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid 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.
13. The MAT **Accountant** is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

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

14. In addition to the GAG funding from the EFA the academy/MAT and other government funding, the academy/MAT 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 Board of Directors. 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.
15. The MAT **Accountant** is responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

### **Funds held in Trust**

16. Where funds are held in trust the MAT Accountant is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

### **Virements**

17. Substantial virements shall be approved and minuted by the **Local Governing Body with agreed** criteria and financial limits.
18. The Chief Finance Officer is given delegated power to vire from one budget to another and shall seek approval from the **Board of directors** and retrospectively where the amount exceeds £5,000.

19. All virements exceeding £5,000 or 2% of the budget shall require prior approval from the **Board of Directors/Local Governing Body**.

### **Revised Budget**

20. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer, Chief Finance Officer and MAT Accountants and reports forwarded to the Board of Directors. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the **Local Governing Body** and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Directors. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

### **Budget Forecast Return**

21. The approved budget must be submitted to EFA by 31 July each year by **MAT Accountant and Chief Finance Officer**. The **Chief Finance Officer** is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures that the submission date is met.

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

22. Monthly reports are prepared by **Chief Finance Officer**. The reports include:
- actual income and expenditure against budget (shown as month to date and cumulatively)
  - balance sheet
  - cash flow forecast
  - one page summary highlight and explaining variances of at least 5% or £10,000 (whichever is smaller)
23. Any potential overspend against the budget must in the first instance be discussed with **Board of Directors**
24. The monthly reports are sent to the accounting officer, Board of Directors and the chair of each Local Governing Board.

### **Independent checking procedures**

#### **Review of regularity**

25. The Principal (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the

boundaries of regularity and propriety:

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

26. The Accounting Officer has delegated the following responsibilities to **Chief Finance Officer**

- adherence to tendering policies
- review of transactions confirming in line with delegated authorities as set out by the Academies Financial Handbook
- review of trustees/governors' minutes

27. A checklist is completed for each review undertaken.

#### **Annual accounts**

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

29. The accounts are prepared in house by our MAT accountant.

30. The accounts are then submitted as follows:

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

#### **Value for money statement**

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

32. The Chief Finance Officer responsible for collating the examples which are then confirmed by the finance committee.

#### **Audit arrangements**

33. External auditors must be appointed in accordance with the Academies

Financial Handbook.

34. The **Chief Finance Officer** is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

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

35. The **Chief Finance Officer** is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:

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

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

36. The **Chief Finance Officer** is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- stock take and including of year end stock value
- prepayments for IT licenses
- prepayments or accruals for grant income
- control account reconciliations (bank, wages, debtors, creditors)
- close down of the purchase ledgers
- close down of the Sales ledgers and aged debtors
- pension valuations
- Pension Audit

#### **Accounts Return**

37. The academy trust must prepare an annual accounts return for the accounting

period to 31 August, which is submitted to the EFA by 31 January.

38. The accounts return is prepared in house by **MAT accountant**.

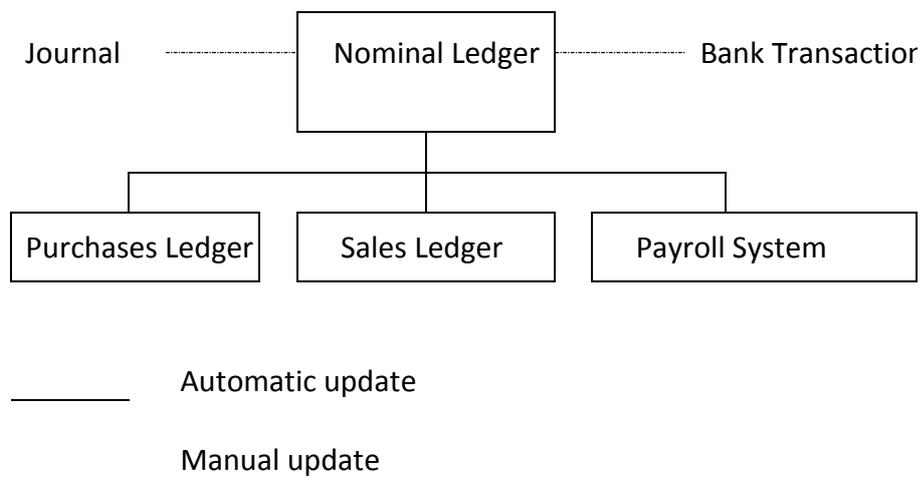
### Document retention

39. Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee has left
- All student files until the student reaches the age of 21

### Accounting system

40. All the financial transactions of the academy trust must be recorded into PS Financials, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



### System Access

41. Access to the system is password restricted to **Chief Finance Officer**, who others have been authorised by the Accounting Officer e.g. external accounting providers.

42. When passwords are changed the new password should be placed in a sealed envelope and passed to Chief Finance Officer to keep in the safe. The **Chief Finance Officer** is responsible for implementing a system which ensures that passwords are changed regularly

### **Back-up Procedures**

43. The **Chief Finance Officer** is responsible for ensuring that there are effective back up procedures for the system. Data is backed up off site due to a cloud based system, This system meets Data protection requirements.
44. A hard copy of the nominal ledger and audit trail are printed each month and stored separately from the accounting system in a fireproof container.
45. The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data. Copies are held in the fire proof container.

### **Transaction processing**

46. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
47. All journal entries are documented on the journal form, recorded in the journal book and authorised by School Business manager, prior to being input to the accounting system.
48. Bank transactions are input by MAT Accountants and reviewed by **Chief Finance Officer**.

### **Transaction reports**

49. The School Business Managers reviews the following system reports to ensure that only regular transactions are posted to the accounting system:
  - the weekly audit trail reports;
  - master file amendment reports for the payroll, purchase ledger and sales ledger;
  - management accounts summarising expenditure and income against budget at budget holder level

### **Reconciliations**

50. The MAT Accountant is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
  - sales ledger control account
  - purchase ledger control account
  - payroll control account
  - VAT control account
  - all suspense accounts
  - bank balance per the nominal ledger to the bank statement
51. The **Chief Finance Officer** signs all reconciliations as evidence of review.

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

## **Cash Management**

### **Bank Accounts**

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

### **Deposits**

54. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
- the amount of the deposit
  - a reference (for example the number of the receipt or the name of the debtor)
55. The Finance Officer is responsible for updating the accounting system (within 2 working days) for deposits placed.

### **Payments and withdrawals**

56. All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Headteacher
  - Director of Business & Finance
57. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy including funds held in trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

58. The **Finance Officer** is responsible for updating the accounting system (within 2 working days) for deposits placed.

#### **Administration**

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

- all bank accounts are reconciled to the academy's cash book
- reconciliations are prepared by the Finance Department
- reconciliations are subject to an independent monthly review carried out by **School Business Manager** or in his/her absence the **Chief Finance Officer**
- adjustments arising are dealt with promptly

#### **Administration**

60. The petty cash float is maintained on the Imprest system and the float is only reimbursed from the main bank account.
61. The petty cash float is reconciled monthly by **School Business Manager** The reconciliation is then reviewed by **Chief Finance Officer** and initialled as evidence of review.
62. The **Chief Finance Officer** carries out a spot check of the petty cash float once a term.

#### **E-procurement & Payments**

63. The school credit card is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases and to buy refreshments for meetings etc.
64. The card is kept in the safe and is only used by: authorised users from each school, see credit card policy for more detail

#### **BACS Payments**

65. On receipt of an invoice, the budget holder signs the invoice, to signify:
- an official purchase order has been raised for the purchase
  - the delivery note has been checked
  - the delivery is of correct quantity, quality and price
  - it has not been previously paid
  - funds are available in the relevant budget
  - VAT chargeability on qualifying expenditure is shown

66. The payment is then prepared and the BACS payment then passes it on to two of the cheque signatories who check in ensure that the bank and sort codes have been correctly entered and approves payment.
67. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.
68. The Admin Team ensures that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

### **Investments**

69. Investments are made in accordance with written procedures approved by the governing body.
70. 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.

### **Reserves**

71. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
72. The **CEO** as Accounting Officer must inform EFA immediately if a deficit is anticipated.
73. If the academy trust is anticipating a deficit at the end of any financial year, the Directors and **CEO** have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Board of Directors must ensure that a recovery plan is submitted and approved by the EFA.
74. If the academy trust has a surplus larger than 12% of its GAG allocation, the Governing
75. Any overall surpluses at the end of the year are carried over to the following year.
76. It is the responsibility of **Chief Finance Officer** to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## Endowments

77. The Chief Finance Officer is responsible for accounting for the transactions within the endowment fund.
78. Any transactions are in line with the memorandum and articles.

## Payroll

### Staff Appointments

79. The governing body has approved a personnel establishment for the academy trust. Changes can only be made to this establishment with the express approval in the first instance of the **Board of Directors** who must ensure that adequate budgetary provision exists for any establishment changes.
80. The CEO has authority to appoint staff within the authorised establishment except for **Headteacher** whose appointments must follow consultation with the Directors. The School Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to Dudley HR immediately.
81. The **School Administration team** is responsible for obtaining the relevant DBS checks and ensuring these are retained on file

### Payroll Administration

82. Payroll is administered through the academy trust's payroll provider/internal department.
83. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:
  - salary
  - bank account details
  - taxation status
  - personal details
  - any deductions or allowances payable
  - other legal and relevant details
84. New master files can only be created by the Finance Department with the express approval of **Chief Finance Officer**. Any master file amendments made by the Finance Department must be printed out each month prior to the payroll run and must be authorised by **Chief Finance Officer**. Any master file amendments made by **Chief Finance**

**Officer** must be authorised by the Principal.

85. Details for all staff sickness and other absences are returned monthly by the administration team any new appointments or terminations. The staff return must be authorised by the headteacher. Authorised staff returns should be sent to the Hr via the Chief Finance Officer.
86. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the budget holder, prepared by the Finance Team and signed off by Chief Finance Officer
87. HR will prepare and distribute a timetable for payroll processing specifying key dates for the month in question.

### **Payments**

88. Before payments are dispatched a printout of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation by the Finance Department and then reviewed and initialled by **School Business Manager** Authority to release payment will be by **Chief Finance Officer** and the Headteacher.
89. All salary payments are made by BACS.
90. The MAT accountants prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed and signed by **Chief Finance Officer**.
91. 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 cheques for these amounts are prepared by the Finance Department and authorised for payment by **Chief Finance Officer and CEO** (or other authorised cheque signatory if one is unavailable) by the due date.
92. The **MAT accountant** selects at least three employees at random each month and checks the calculation of gross to net pay to ensure that the payroll system is operating correctly. The check is recorded and available for checking by **Chief Finance Officer** and reviewed by the Accounting Officer.
93. 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 should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

94. Annually, the MAT accountant checks each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Principal's office.

#### **Salary advances**

95. The trust does not award salary advances.

#### **Overtime**

96. Overtime is recorded by the individual and submitted by 19 of each month to HR for authorisation, The **School Business Manager** completes the claim forms and copies of the time sheets in the main office.
97. Claim forms must not be submitted prior to work having been undertaken.
98. No payments for work undertaken will be made other than via the payroll system.

#### **Severance payments**

99. The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by EFA on Gov.uk.
100. Where the non-contractual element is on or over £50,000 prior approval from EFA must be sought.
101. The Accounting Officer must sign off and review each business case.

#### **Ex-gratia payments**

102. Any ex-gratia payments must be submitted to EFA for prior approval.

#### **Income**

The Academies Accounts direction (<https://www.gov.uk/guidance/academies-accounts-direction>) explains revenue recognition in respect of EFA and other grants.

### **EFA grants**

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

### **Other grants**

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

### **Trips**

105. A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Department.

106. Students should make payments to the Finance Department. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

107. The Finance Department should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

108. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Principal in advance of the booking being made.

### **Lettings**

109. The **Chief Finance Officer** is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

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

111. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting

Agreements and are reviewed at least annually.

### **Sundry income**

112. Income from other sources (for example educational consultancy) is priced in consultation with **Finance Officer**. 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 **School Business Manager** approves all credit agreements.

### **Gift aid**

An academy trust is able to claim gift aid (<https://www.gov.uk/claim-gift-aid/overview>) on donations from individuals.

113. To ensure the academy trust, in its position as an exempt charity, receives all the monies it is entitled to the chief Finance Officer:

- reconciles income against records to confirm expected amounts have been received by the donor
- ensures the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

### **Bad debts**

114. 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.

115. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the School Business Manager] submits a report to **Chief Finance Officer** for approval of write off.

116. The following write off limits apply:

- Up to £150 – Accounting officer
- £151 to £500 – Finance and resources committee
- Over £500 – Full governing body and refer to debt collecting agency

### **Purchasing**

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

our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
- Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs
- Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

### **Routine Purchasing**

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

### **E-Procurement**

120. 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 **School Business Manager**, or Admin staff to make the purchase. All order forms detailing the purchase must be signed by the Budget Holder.
121. Occasionally the credit card is used to purchase small items or to fund Petty Cash, where it is not possible to order this elsewhere. This must be recorded and countersigned by the **Headteacher**.

### **Orders**

122. All orders must be made, or confirmed, in writing using an official order form, stocks of which are held by the Finance Department. Orders must bear the signature of the budget

holder and must be forwarded to the Finance Department where the **School Business Manager** will check to ensure adequate budgetary provision exists before placing the order.

123. Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number and commits expenditure. Orders will be dispatched to the supplier from the Finance Department
124. The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the **Admin staff** 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.
125. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Department should be notified. The Finance Department will keep a central record of all goods returned to suppliers.
126. All invoices should be sent to the Finance Department. Invoice receipt will be recorded by the Finance Department (and the invoice scanned) into the Financial Information System purchase ledger module) The Finance Department will stamp invoices with a grid against which the following can be evidenced by the budget holder authorising payment:
  - invoice arithmetically correct
  - invoice posted to purchase ledger
  - goods/ services received
  - goods/services as ordered
  - prices correct
  - invoice authorised for payment
  - payment authorised
  - VAT treated correctly
  - payment made
127. 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 Department. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
128. 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.
129. At the end of each week the Finance Department will produce a list of outstanding

invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the **Finance Officer**.

130. The Finance Department will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.
131. 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).
132. See purchasing policy for specific purchasing requirements and values

### **Official Journal of the European Union**

133. Purchases over **£125,000** are to be dealt with in accordance with OJEU

OJEU (<http://www.ojeu.eu/>) updates the procurement thresholds per annum and the most up to date ones can be found on their website:  
<http://www.ojeu.eu/thresholds.aspx>

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

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

### **Forms of Tenders**

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with **Chief Finance Officer** how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs,

- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders,
  - only one or very few suppliers are available,
  - extreme urgency exists,
  - additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

136. Full consideration should be given to:

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

137. 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.

138. A tender brief must always be prepared and is reviewed by **Chief Finance Officer**.

### **Invitation to Tender**

139. 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.

140. An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response
- dates for decision and work to be delivered

### **Tender Acceptance Procedures**

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

### **Tender Opening Procedures**

142. 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 as follows:

- For contracts up to £25,000 - two of the budget holder, The **School Business Manager**
- For contracts over £25,000 - the **School Business manager** or the **Chief Finance Officer** plus a member of the Audit and Risk Committee/**Board of Directors**

143. 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.

### **Tendering Procedures**

144. 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.

145. 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.

146. Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Audit and Risk Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Audit and Risk Committee.

147. The accepted tender should be the one that is economically most advantageous to the academy. All parties are then informed of the decision.

### **Insurance**

148. The **Board of Directors** 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.

149. Budget holders must ensure all valuable are kept under lock and key when not being used in a supervised manner.
150. The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

### **Governors/Trustees Expenses**

151. All governors/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:
- childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner)
  - cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
  - the extra costs they incur in performing their duties either because they have special needs or because English is not their first language
  - the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel
  - travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source
  - telephone charges, photocopying, stationery, postage etc.
  - any other justifiable allowances
152. The Board of Directors acknowledges that:
- Governors/Trustees are not be paid attendance allowance
  - Governors/Trustees are not reimbursed for loss of earnings
153. Governors/Trustees wishing to make claims under these arrangements, must complete a claims form from Chief Finance Officer together with the relevant receipts. The form must be submitted to the Finance Department within two weeks of the date when the cost were incurred, when they will be submitted for approval by the Chair of Directors to be presented to the Audit and Risk Committee for final approval.

154. Claims will be subject to independent audit and may be investigated by the Chair of Directors (or Chair of Audit and Risk in respect of the Chair of Directors) if they appear excessive or inconsistent.

### **Gifts**

155. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported 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 Donations Policy for further details).
156. Gifts that have been reported are entered onto the gifts and hospitality register.

### **Energy Management**

157. The **School Business Managers** are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis. Meters should be checked before authorising any invoices from the utilities providers. Any discrepancies or unusual readings should be raised with the [insert job title] immediately.
158. The **Site Manager** ensures that the school's heating system is operated and run as efficiently as possible.
159. The **Chief Finance Officer** ensures that the school is purchasing energy at the most competitive prices available.
160. All staff have the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

### **Fraud**

161. The trust does not tolerate fraud. Where instances of fraud are found the **CEO** will notify the EFA.

### **Whistleblowing**

162. See the Trust Whistleblowing Policy

## VAT 126 form

163. The **MAT Accountant** is responsible for submitting the VAT 126 form each month.
164. The accountant will ensure compliance with HM Revenue and Customs for claiming the correct levels of VAT

## Fixed assets

The academies financial handbook stipulates the delegated authorities laid out when purchasing/disposing of assets and these are reflected in the Trust finance procedures manual.

## Asset register

165. All items purchased with a value over the academy's capitalisation limit of £3,000 must be entered on the fixed asset register held within the Trust accounting system with the following details:
- asset description
  - asset number
  - serial number
  - date of acquisition
  - asset cost
  - source of funding (% of original cost funded from grant and % funded from other sources)
  - expected useful economic life
  - depreciation
  - current book value
  - location
  - name of member of staff responsible for the asset
166. The asset register helps:
- ensure that staff take responsibility for the safe custody of assets
  - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
  - to manage the effective utilisation of assets and to plan for their replacement
  - help the external auditors to draw conclusions on the annual accounts
  - support insurance claims in the event of fire, theft, vandalism or other disasters
167. Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

### **Security of assets**

168. All the items in the register are permanently and visibly marked as the academy trust's property.
169. Equipment is, where possible, stored securely when not in use.
170. An annual count is under taken by a designated auditor, 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 Trust Board.

### **Disposals**

171. Disposals, where applicable, are in line with the Academies Financial Handbook.
172. Items which are to be disposed of by sale or destruction must be authorised for disposal by **School Business Manager** and, where significant, should be sold following competitive tender. The academy must seek the approval of the EFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

### **Loan of Assets**

173. Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.
174. 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.