



# The Athelstan Trust

# Financial Regulations Policy

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The Athelstan Trust

<b>Committee:</b>	<b>Audit, Risk and Finance</b>
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<b>Associated documentation</b>
Academy Trust Funding Agreement
Academies Trust Handbook
Academies Accounts Direction
Anti Bribery and Corruption Policy
Whistleblowing Policy
Investment and Treasury Policy

This document sets out the regulations for the academy trust

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# Part One

## THE ATHELSTAN TRUST

### Introduction

The purpose of this document is to ensure that the Athelstan 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 funding agreements with the Department for Education (DfE).

Each academy within the Athelstan Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE in the Academy Funding Agreement and the Academies Trust Handbook. This manual expands on those and provides detailed information on the accounting procedures and these financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardised approach to all finance related tasks within the Trust and its academies.

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 Athelstan Trust. This office resides with the Chief Executive Officer.

All staff, including the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Managers and the Finance Assistants, who deal with financial matters, are trained in the appropriate procedures. All the duties of the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Managers and the Finance Assistants, are recorded and a note kept of who can carry out the various duties in the absence of the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Managers and the Finance Assistants.

All staff are provided with twice yearly reminders about the key points of the Whistleblowing Policy and Antibribery and Corruption Policy, including to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the DfE.

The Trust Board is 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 Chief Financial Officer, Headteachers, the Audit, Risk and Finance Committee and the individual Governing Bodies.

## 1. ORGANISATION

The Athelstan Trust is a Multi Academy Trust. The Trust is a company limited by guarantee with charitable status and all academies within the Athelstan Trust are governed by one Trust (the members) and a board of Trustees.

The Members of the Company comprise:

- the signatories to the Memorandum
- any person appointed under Article 15A

and shall not be less than three.

Up to 8 Trustees shall be appointed in accordance with Articles 45 to 80. A minimum of 2 Parent Trustees shall be elected or appointed in the event that no Local Governing Bodies are established or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body. Staff Trustees, if any, shall be appointed through such processes as the Members may determine.

The Trustees must establish separate committees to be known as Local Governing Bodies for each Academy and will ensure that, where possible, each Local Governing Body shall include at least 2 elected representatives of the parents of pupils attending the relevant Academy.

## 2. ROLES AND RESPONSIBILITIES

The main responsibilities of the Trust are prescribed in the Funding Agreements with the DfE. The key responsibilities include:

- ensuring that grants from the DfE are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of a Chief Executive Officer (as Accounting Officer)
- appointment of the Chief Financial Officer (Finance Director) in conjunction with the Chief Executive Officer
- ensure regularity, propriety and value-for-money in relation to the management of public funds

Subject to provisions of the Companies Act 2006, the Articles, and, to any directions given by special resolution, the business of the Company will be managed by the Trustees who may exercise all the powers of the Company. The Trust's Scheme of Delegation and Scheme of Governance set out the arrangements for governance within the Trust.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide

a framework of accountability for trustees, governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- Trust Board
- Audit, Risk and Finance Committee
- Site and Facilities Committee
- Staffing Committee

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the Trust finances.

## 2.1 Role of the Chief Executive Officer

The Chief Executive Officer has overall responsibility for the Trust's activities including financial activities. As the Accounting Officer for the Trust, the Chief Executive Officer is personally responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance
- keeping of proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks
- ensuring that measures are in place to prevent loss and misuse of the Trust's property and assets

The essence of the role is a personal responsibility for:

- **Regularity** - dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and the Academy Trust Handbook, and compliance with internal Trust 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;
- **Value for money** – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the Trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy Trust but for taxpayers more generally.

The Trust's Accounting Officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to the DfE with the audited accounts. The Accounting Officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts.

In practice, much of the financial responsibility is delegated to the Chief Financial Officer.

## 2.2 Role of the Chief Financial Officer

The Chief Financial Officer (CFO) works in close collaboration with the Chief Executive Officer through whom they are responsible to the members. The CFO also has direct access to the Trustees and governors. The main responsibilities of the CFO are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the Multi Academy Trusts central budget and individual academies
- management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the members and Trustees
- preparation of budget plans in conjunction with the Chief Executive Officer and Headteachers
- the maintenance of effective systems of internal control
- maintenance of adequate fixed asset registers
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- preparation of monthly management accounts, including income and expenditure reports and a cash flow forecast
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance
- additional roles, some of which are not directly finance related, as outlined in the CFO job description

## 2.3 The Role of the Headteacher

The day-to-day operation of the budget is delegated to the Headteacher, who will be responsible for:

- preparing the school improvement plan and school budget in accordance with priorities agreed by the governors
- maintaining oversight of curriculum delivery costs and staffing requirements with reference to the ICFP software, ensuring that inputs are up-to-date in doing so
- managing internal control systems and internal financial transactions in accordance with this policy
- maintaining adequate financial records in accordance with Academies Trust Handbook
- providing access to accounting and other relevant records to Audit and implementing auditor recommendations where necessary
- ensuring that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year
- recommending to the CFO any equipment to be written off or disposed of.
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored
- maintain a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes.

## 2.4 Role of the Finance Team

Subject to individual job descriptions the CFO may delegate financial procedures to the finance team. This includes Finance Managers and Finance Assistants within the schools, and the central Trust finance team, including Trust Management Accountants and Accounting Technician. The finance team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries
- reviewing budget monitoring/outturn monthly reports
- submitting pay returns to payroll as appropriate
- ensuring that invoice checking procedures are followed
- ensuring that authorisation of orders, invoices and schedules are in accordance with this policy and the Academies Trust Handbook
- prompt and intact banking of income and associated recording of income in accordance the Academies Trust Handbook
- administering the recording of income received and payments made for school trips. Retention of all documents to support the transactions processed through Sage and ParentPay.
- assisting in the maintenance of an accurate inventory and associated security procedures
- assist in the preparation of the three year budget plan using IMP software
- provide information required for returns to the DfE.

## 2.5 Role of Staff

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources, and for conformity with the requirements of the Trust's financial procedures.

The role of staff in school financial administration is:

- to familiarise themselves with this Policy
- to conduct all financial transactions relating to the school in accordance with this Control Policy
- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the finance office for processing

## 3. REGISTER OF INTERESTS

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 members, Trustees, governors, and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services.

The register is open to public inspection and should include all business interests such as directorships, shareholdings, or other appointments of influence within a business or organisation which may have dealings with the Trust and trusteeships and governorships at other educational

institutions and charities. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a member, Trustee, governor, or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency.

Those Trustees, Governors or senior staff not holding any pecuniary interests must submit a nil return. All relevant business and pecuniary interests of members, Trustees, local governors of academies within the Athelstan Trust and senior employees must be published on the academy's website.

The existence of a register of business interests does not, of course, detract from the duties of members, Trustees, governors, and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, members, Trustees, governors, and staff should withdraw from that part of any committee or other meeting.

## **4. PROCESS FOR INDEPENDENT CHECKING**

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

The Board of the Trust will ensure that there is a process for independent checking of financial controls, systems, transactions, and risks within the Trust.

The board 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 the internal audit service.

Reviews will be undertaken by an agreed programme to ensure that financial transactions have been properly processed and that controls are operating as laid down by the members. A report of the findings from each visit will be presented to the Audit, Risk and Finance Committee.

### **4.1 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, trustees, governors or third parties, above £5,000 must be reported by the Trust to the DfE. Any unusual or systematic fraud, regardless of value, must also be reported.

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

## 4.2 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 five-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 Requirements issued by the DfE
- proper accounting records have been kept by the Academy throughout the financial year
- grants made by the DfE 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, Risk and Finance Committee.

## 4.3 Audit

Schools will be subject to the following audits during each year:

- Regular financial assurance (internal) audits as per the Academies Trust Handbook
- Annual statutory audit in preparation for submitting the statutory accounts to Companies House
- Teachers' Pensions audit in preparation for submitting the end of year certificate to Teachers' Pensions

The Trust may also be subject to external assurance reviews for grant funding received.

# 5. FINANCE SYSTEMS

The Trust is registered annually under the 1988 Data Protection Act. The registration will require a single data Controller to be named.

All the financial transactions of the Trust must be recorded on the Sage accounting system operated by the Finance Departments in each academy.

Whilst Sage remains the accounting system for the Trust, a dedicated purchase-to-payment system, Documentation, will be in place from 2025 to support the purchasing process as follows:

- Raising purchase orders
- Goods receipt of orders
- Receiving invoices/ matching to purchase orders for payment
- Supplier management
- Approval workflows for the above

The Trust also uses a budgeting and forecasting system, IMP Planner. Annual 3-year budgets and in-year forecasts are collated and managed in this system. It is essential that this is utilised and updated on an ongoing basis to reflect the Trust's most recent projections. This system is also used for the monthly payroll reconciliation process.

Financial records are required to be kept for at least six years (plus current year). This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

## **5.1 System Access**

All finance systems are protected by access permissions to authorised staff. Access permissions should be strictly controlled, and individual logins and passwords should not be compromised. Access should be restricted and the Chief Financial Officer is responsible for determining the access levels for all members of staff using the systems.

All leavers with previous access to all systems must have their access permissions formally removed. The trust also completes regular audits of users to both systems to ensure access permissions are appropriate and users no longer requiring access are removed.

## **5.2 Back up procedures**

The Chief Financial Officer is responsible for ensuring that there is effective back up procedures for the systems.

The Chief Financial Officer should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

## **5.3 Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. All journal entries must be documented in Sage. Bank transactions should be input by the Finance Manager and the inputs should be spot checked, and signed to evidence this check, by the Chief Financial Officer.

Detailed information on the operation of the Sage system can be found in the online help area contained within the software.

## **5.4 Transaction Reports**

The Chief Financial Officer will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports
- monthly bank statement reconciliations
- monthly multipay card statement reconciliations
- monthly travel card statement reconciliations
- monthly VAT returns, management accounts, summarising income, and expenditure against budget at budget holder level

## 5.5 Reconciliations

The Trust Finance Managers and Management Accountants are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- payroll
- bank balance per the nominal ledger to the bank statement
- multipay cards
- VAT
- trial balance
- travel cards (for overseas trips)
- suspense accounts
- balance sheet reconciliations

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer. The Chief Financial Officer will review and sign reconciliations as evidence of review.

## 6. FINANCIAL PLANNING

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

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

The budget will be informed by Strategic Objectives. The budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.

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

### 6.1 The Strategic Plan

The Strategic Plan is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trusts objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the strategic SIP are matters for each academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

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 Chief Executive Officer.

The plan will also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

## 6.2 Integrated Curriculum Financial Planning (ICFP)

ICFP is a management process that helps schools plan the best curriculum for their pupils with the funding they have available. Whilst focus may vary across primaries and secondaries, all schools across the Trust will undertake the ICFP approach to financial management, ensuring that the curriculum is at the forefront of financial planning as encouraged by the Academies Trust Handbook. The IMP ICFP tool will support this as an ongoing process that allows academies to plan teaching resource, from the immediate to longer-term, taking into account anticipated movement in student numbers and staffing. Headteachers are responsible for ensuring that the system accurately reflects up-to-date information regarding curriculum demand and teaching staff deployment. Finance managers are responsible for ensuring that staffing per the budgets and forecasts are in alignment with ICFP data so that academy finances accurately reflect curriculum plans.

This exercise will show the level of teaching resource that is affordable, based on estimated cost pressures alongside income and pupil numbers. Where the cost of teaching staff exceeds what is affordable, academies will need to explore ways of reducing costs so that the curriculum is financially viable.

This can be achieved by adjusting ICFP metrics such as class size, pupil to teacher ratio, contact ratios etc. What is changed will depend on school improvement priorities, with reference to what is achievable by individual schools, which may vary based on the nature of the school. This can be gauged based on the latest DfE View My Financial Insights (VMFI) data that shows averages achieved for similar schools.

The ICFP and school improvement plans will work in tandem, ensuring that the level and deployment of teaching resource supports school improvement objectives in a financially efficient and value-driven way.

## 6.3 Annual Budgets

Annual budgets will reflect the best estimate of the resources available to each academy for the forthcoming year and how those resources are to be utilised by each academy. There should be a clear link between SIP objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Budget assumptions based on guidance from the Association of School and College Leaders (ASCL), including pay awards, %increases in income and costs over the budgeting period.
- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable
- review of other income sources available to the individual academies within the Trust to assess likely level of receipts
- Staffing reviews, supported by the ongoing Integrated Curriculum Financial Planning approach to financial management as noted above.

- Review of past individual performance against budgets to promote an understanding of the Trust cost base
- Identification of potential efficiency savings
- Review of the main expenditure headings considering the strategic plan objectives and the expected variations in cost
- Liaising with external agencies including major suppliers to ensure that the Trust's best financial interests are met

It is the responsibility of Finance Managers to collate academies' annual draft budgets in conjunction with Headteachers. The draft budgets will be reviewed and approved by the Chief Financial Officer and the Chief Executive Officer.

If shortfalls are identified once draft budgets are collated, opportunities to increase income should be explored and expenditure headings must be reviewed for areas where cost savings and efficiencies can be made. This may entail prioritising tasks and deferring projects until more funding is available. Individual academy draft budgets will be subject to ongoing revision as a collaborative exercise between the CFO, Headteachers and Finance Managers to bring income and expenditure in balance.

If a potential surplus is identified at an individual academy within the Trust, this may be held back as a contingency or alternatively carried forward to invest in future years' priorities for the students.

The Chief Financial Officer, in conjunction with the Chief Executive Officer, is responsible for preparing and obtaining approval for the Trust annual budget, which aggregates the budgets of each academy in the Trust. The budgets as presented must make Trustees aware of key assumptions, including student numbers, savings assumptions and staffing assumptions. The budget must be approved by the Trustees.

Approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the DfE and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action

The approved aggregated budget must be submitted to the DfE by the due date each year and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Budgets are a working document which may need revising throughout the year as circumstances change.

#### 6.4 Monitoring and Review

Monthly budget monitoring reports will be prepared for each academy. The reports will detail actual income and expenditure against budget by department for review by the Chief Financial Officer. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. Any potential overspend against budget must, in the first instance, be discussed with the Chief Financial Officer.

Financial reports are provided by the CFO and Central Finance Team. The characteristics of good quality financial information are:

- **Produced promptly.** Financial reporting should be carried out in line with the Academies Trust Handbook
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed in Sage. Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved
- **Complete.** To provide a “true and fair” view of the school’s financial position the reports must include committed expenditure. For information to be complete expenditure that the school has been committed to including details of orders and invoices outstanding must be included
- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports to governors/trustees should be jargon free
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual DfE funding statement and in the annual accounts
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances should also be reported.
- **Include assumptions.** Assumptions underpinning in-year forecast projections should be noted i.e. pay award assumptions, basis of funding projections etc.
- **Include risks and opportunities.** Any uncertainties not included projections that could be financially impactful should be noted separately to make users aware of factors/ events that could change the outlook. Risks comprise additional costs/ reductions in income, whilst opportunities are cost savings/ additional income. Each risk or opportunity should be assigned an estimated value, with the basis for valuation also included.
- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the school at the end of the financial year.

Reports with commentary for each academy will be distributed to the Chief Executive Officer and the Chair of Trustees each month. A summary report with commentary is also prepared for the Headteacher, who may share the report with their LGB Chair. Aggregated reports will be prepared and provided to Trustees for each Trust Board meeting. The Audit, Risk and Finance Committee will also review the budget monitoring reports by school at each meeting.

The Chief Executive Officer and Chief Financial Officer may attend meetings of Local Governing Bodies if there are specific causes of concern.

## 7. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

## 7.1 Staff Appointments

The approved budget will identify a personnel establishment for each School. Changes to the establishment that are within the overall approved budget can be made by the Headteacher. The Headteacher must liaise with the Finance Manager to ensure that adequate budgetary provision exists before making any establishment changes, taking the full financial outlook for the school into account. All recruitment will be subject to Finance Manager approval as assurance that the post is affordable, taking into account the current financial outlook compared to the approved budget.

The pay rate for new appointments must be reviewed by the Trust to ensure consistency and parity across roles. Where a departure from normal pay rates is proposed, this must be approved by the CFO.

Where reserves are below the 5% minimum level prescribed by the DfE, all recruitment will be subject to approval from the CEO and the CFO. This will be required for all posts to allow the Trust to manage the financial risks associated with low reserves.

Each School in the Trust maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Finance Managers immediately.

A member of the administration staff at each school will be responsible for maintaining accurate records of all staff employed at their school in a single central record.

Personnel information is held in manual files under the guidance of the Chief Executive Officer with access strictly limited to authorised officials only and separately on the SIMS computer system.

## 7.2 Payroll Administration

The Trust payroll is administered by HR Connect a trading style of both Commercial Services Trading Ltd and Commercial Services Kent Ltd, companies wholly owned by Kent County Council.

The payroll provider will issue an annual timetable running April - March for the submission of payroll information by Finance Managers. The schools will complete the documentation necessary to create payroll changes. The Payroll Provider is responsible for the accuracy of the payroll and ensuring that all the correct statutory deductions and payments are made. They also make returns and payments to HMRC and the relevant pension bodies.

The Trust Finance and Payroll Managers will obtain monthly payroll reports from HR Connect. The Chief Financial Officer will spot check the payroll of each school in the Trust. Individual school payrolls should be checked and authorised by the Headteacher and also signed by the Finance Manager.

Amendments to payroll data, e.g., appointments, resignations, pay changes and overtime, are made on the iTrent system.

All supply teacher, casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to the academy's finance office. The CFO will check a sample

of supply teacher, overtime, casual and expenses each month to ensure that the payroll system is operating correctly. All contract changes and monthly claims must be signed off by the Headteacher.

Payroll contractual pay should match to SIMS and this will be spot checked by the central finance team. Individual schools are responsible for checking that this information is held for each member of staff.

### **7.3 Payroll Reconciliation**

School Finance Managers will review monthly payroll reports from the payroll bureau to check that transactions for supply staff, casual staff and overtime have been made correctly against authorised claim forms submitted. The Finance Managers will undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs per IMP. Any variations should be investigated and reported to the CFO/Headteacher and queries raised immediately with payroll. The reconciliation should be signed by the Finance Manager to verify the accuracy of the payments made.

### **7.4 Payroll Payments**

All staff are paid monthly by bank credit transfer to their bank accounts. The Trust has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate.

After the payroll has been processed the nominal ledger will be updated using a file provided by the payroll provider. Postings will be made both to the payroll control account and to individual schools/ nominal accounts. The payroll control accounts for net pay, tax, NI and pensions are reviewed each month to ensure the amounts posted from the journal agree to the amounts paid out at the bank. Any discrepancies are followed up with the payroll provider and resolved.

On an annual basis, payroll will produce pay statements for all staff, teachers as at 1 September and support staff as at 1 April.

### **7.5 Expenses**

Business expenses and mileage claims may be processed and paid directly by BACS unless it relates to a benefit in kind payment. Valid receipts must be held and retained in support of any reimbursements.

### **7.6 Severance Payments**

Severance payments are payments made outside of normal statutory and contractual requirements when a member of staff is leaving the Trust. Such payments will be made only in exceptional circumstances based on professional HR advice. Payments of up to £50,000 must be approved by the CFO and CEO. Payments of over £100,000 must be approved by the Board, CFO and COO. As set out in the Academy Trust Handbook, the DfE's prior approval is required for special severance payments where any of the following scenarios arise individually or collectively:

- the proposed special staff severance payment is for £50,000 (gross, before income tax or other deductions) or more

- a special staff severance payment for any value is proposed and the trust is under a Financial Notice to Improve (FNtl) or a Notice to Improve (Ntl)
- an exit package which includes a special severance payment is at, or above, £100,000 (gross)
- the employee earns over £150,000 (gross). For this purpose, earnings will not include employer pension contributions

Where the Trust is considering making a staff severance payment as above, it must seek the advice of the external HR provider in the first instance, and 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 settling 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 (e.g., 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.

## 7.7 Compensation payments

Compensation payments are made to provide redress for loss or injury. 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 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.

Compensation payments will be made only in exceptional circumstances based on legal advice. Payments of up to £50,000 must be approved by the CFO and CEO. Payments over £50,000 must be approved by the Board and require explicit approval from the DfE.

## 7.8 Other Payments

Any additional payments made under the Trust's pay policy must be approved by the CEO (or Board for the CEO, Heads, and members of the Audit, Risk and Finance Committee).

Any ex-gratia payments, made outside of the Trust's pay policy, must be approved by the DfE.

## 8. PURCHASING

The Trust wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

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

### 8.1 Routine Purchasing

Budget holders will be informed of the budget available to them by the start of the academic year. It is the responsibility of the budget holder to manage their budget and to ensure that the funds available are not overspent.

All budget holders will have access to real time information regarding actual expenditure against budget through the online purchase requisition system. This is also currently available through Sage. Budget holders are expected to check value for money before raising requisitions through the online portal. Best Value could be achieved by:

- supplier chosen from the list of approved suppliers maintained by the Finance Office
- bulk purchasing of common consumables
- negotiating discounts
- taking advantage of sale seasons
- obtaining alternative quotations wherever possible

The procurement of goods and services is the process potentially most open to abuse or mismanagement and it is therefore essential to have strong financial controls to safeguard the trust's interests.

Once the new purchase-to-payment system is implemented, it will be mandatory that Purchase orders (POs) are raised in advance for all purchases. Invoices received without a valid purchase order reference will not be paid once this instruction is in place. Exceptions to this are noted below:

- Emergency premises/ IT works
- Ad-hoc supply
- Energy bills
- Annual rates bills
- PFI charges

POs relating to regular daily spend (i.e. in-house catering food and drink) can be raised on a termly basis based on an estimated termly cost. Individual POs for each purchase do not need to be raised. It should be noted that this is exceptional and does not include classroom supplies.

It is essential that all of the following controls are adhered to:

- orders for goods and services must be entered onto the password protected online requisition portal, unless exceptional circumstances dictate otherwise. It is the responsibility of the budget holder to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained.
- requisitions must be authorised by the budget holder, through the online purchase requisition system. Individually numbered purchase orders will then be produced by the Finance Office and will be approved by nominated Sage approvers before dispatch to suppliers.
- in exceptional circumstances (e.g., emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be emailed to suppliers, in order to reduce timelines.
- Credit cards and staff expenses are acceptable purchasing methods where it is not possible to raise a PO. Orders must be authorised by the budget holder and must be checked to ensure adequate budgetary provision exists before the order is placed.
- orders may only be used for goods and services provided to the trust, private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT

The budget holder must make appropriate arrangements for the delivery of goods/ services to the school. On receipt the budget holder must undertake a detailed check of what has been received against the goods received note (GRN), and must ensure that the goods/ services are accurately marked as received in the purchase-to-payment system once in place. Any discrepancies between the goods delivered and the GRN must be noted and discussed with the supplier without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, this should be adjusted as part of the goods-receipt process on the purchasing system.

All invoices should be checked by the Finance team prior to payment. Where there is a variance between the final invoice and the respective PO, further authorisation will be sought.

## 8.2 Approval Limits

Ordering approval limits are as noted below. All postholders listed must approve all spend falling within their approval limit i.e. secondary budget-holders must approve all spend, including spend over £1,000. This is to ensure that all relevant stakeholders have sight of spend ahead of full approval. This is the case unless otherwise specified:

### Secondaries

Stage	From	To	Approver	Requirement
<b>1</b>	£0	£1,000	Budget holder	Quote/ catalogue price
<b>2</b>	£1,000	£4,000	<b>Stage 1 Approver and:</b> School Finance Manager or Trust Management Accountant	Quote/ catalogue price
<b>3</b>	£4,000	£15,000	<b>Stage 1 and 2 Approvers and:</b> Headteacher or COO	Quote/ catalogue price for < £10k 3 quotes needed for > £10k
<b>4</b>	£15,000	£50,000	<b>Stage 1, 2 and 3 Approvers and:</b> CFO	3 quotes needed
<b>5</b>	£50,000	£100,000	<b>Stage 1, 2, 3 and 4 Approvers and:</b> CEO	3 quotes needed for < £75k Formal tender for > £75k
<b>6</b>	£100,000	£100,000+	<b>Stage 1, 2, 3, 4 and 5 Approvers and:</b> Trust Committee	Formal tender

### Primaries

Stage	From	To	Approver	Requirement
<b>1</b>	£0	£1,000	School Business Manager	Quote/ catalogue price
<b>2</b>	£1,000	£5,000	<b>Stage 1 Approver and:</b> Senior Teacher or Headteacher or COO or Trust Management Accountant	Quote/ catalogue price
<b>3</b>	£5,000	£50,000	<b>Stage 1 and 2 Approvers and:</b> CFO	Quote/ catalogue price for < £10k 3 quotes needed for > £10k
<b>4</b>	£50,000	£100,000	<b>Stage 1, 2 and 3 Approvers and:</b> CEO	3 quotes needed for < £75k Formal tender for > 75k
<b>5</b>	£100,000	£999,999	<b>Stage 1, 2, 3 and 4 Approvers and:</b> Trust Committee	Formal tender

'Trust Committee' refers to either the Audit, Risk and Finance Committee or the Site and Facilities Committee, depending on the spend in question.

For the purposes of SCA spend, the COO is the budget holder.

Where spend is in excess of budget, it will be subject to additional approval by the CFO. Finance Managers must liaise with the CFO to show how the unbudgeted spend will be supported i.e. additional income/ cost savings elsewhere. Finance Managers must ensure that forecasts are updated accordingly.

In recognition of ongoing efforts to purchase Trust-wide and to minimise operational disruption, Trustee approval will not be sought for purchases exceeding £100,000 that are operational in nature i.e. examination fees.

Where the procurement relates to a contract, the aggregate value of the total contract over the full contract period will determine the level of approval needed per the above.

In the absence of the Finance Manager or Headteacher, a member of the SLT will nominate a member of staff to authorise the raising of orders on a temporary basis. This officer should be the most senior member of the teaching staff.

Non-order invoices per the PO exceptions noted will follow the same approval limits set out above. Budget holders must check that orders have been fully received before authorising the invoice for payment.

### **8.3 Alcohol**

Trust funds cannot be used to purchase alcohol under any circumstances per the Academies Trust Handbook.

### **8.4 Contracts**

POs relating to contracts should be raised for the full contract value/ term before the contract commences. The respective invoices will then be allocated against the same PO until the contract ends.

Schools are not permitted to enter into agreements for any period longer than 12 months without additional approval from the Trust central team, irrespective of the contract value. If a contract exceeding 12 months is sought, please contact the Trust Management Accountants or the CFO in advance of committing to the arrangement.

The Trust will maintain a register of contracts to show the contracts in place, their value and term. This information will be stored on the Parago system.

In the case of energy contracts, where a contract requires “on the day” approval as is practice, this will be discussed in advance with the Site and Facilities Committee: a summary of the contract and likely impact of the new contract will be highlighted. The Committee will decide whether or not to delegate the associated “on the day” decision jointly to the CFO and COO.

### **8.5 Tenders**

Spend in excess of £75,000 requiring a full tender process will be subject to the Tendering Policy.

### **8.6 Supplier management**

New suppliers should be set up on the finance system using the Trust’s new supplier form to capture information including bank details, address, contact details, VAT number etc. Where the supplier is a contractor for a project, further details will be requested, including public liability insurance and a copy of their most recent set of accounts.

Where an individual is providing a service to schools, an IR35 check should be undertaken as follows:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed or through an intermediary),
- if considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll
- where an individual seeks payments from the school for a contract for services, the Trust must check the employment status for tax under the off payroll working (IR35) rules before commencing services. The online HMRC IR35 employment status checking tool should be used to confirm how the off-payroll worker should be treated for PAYE tax and National Insurance. Accurate and detailed records must be kept as justification of decisions, including a copy of the online check showing the questions, answers and the outcome.
- If considered to be a contract for services, this must be in the form of an invoice

Careful attention should be paid to repetitive payments to individuals.

## 8.7 Invoice Processing

*The following process will remain in place until the new purchase-to-payment system is in operation, after which this will change. This section will be updated accordingly.*

When invoices are received, the relevant school must check that all the elements of the invoice are correct by agreeing to the order before authorising payment by the Central Finance Office. The checks should be carried out and evidenced by separate individuals where possible. An invoice certification stamp is the best way of providing evidence that the following checks have been carried out:

- invoice arithmetically correct
- goods/services received
- goods/services as ordered
- prices correct
- that the invoice is not a copy and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the Finance Manager or Headteacher.

Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order.

All discrepancies should be discussed with the supplier of the goods and services without delay. If any goods are rejected or returned to the supplier because they are not as ordered or are of substandard quality, the Finance Office should be notified.

An officer with delegated responsibility from the Trustees (the Finance Manager, Budget holder, Headteacher) will certify that the invoice is authorised for payment.

Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately.

## 8.8 BACS

*It should be noted that this process will change once the purchase to payment system is in place, notably as the system will complete checks of invoices, bank details etc. This section will be updated once the system is operational.*

All invoices will be paid by BACS. All BACS payments must have two authorised approvers.

A member of the finance team will produce a suggested payments report from Sage. A Finance Assistant will check all items listed to ensure the correct invoice has been scanned to Sage and that the invoice has been signed in accordance with the authorisation limits. The bank details on Sage are also agreed to the invoice. A Trust Finance Manager will then check again all items over £1,000 and once satisfied will upload the BACS payment to Lloyds. The CFO will spot check items over £10,000 and will complete the second approval on Lloyds.

All cheques, and other instruments authorising withdrawal from the bank accounts must bear the signatures of two authorised signatories.

All cheques should be crossed a/c payee.

## 8.9 Business Multi-pay Cards

Business multipay cards are held by named cardholders in each academy. Any cards held by anyone other than the Accounting Officer, Headteacher or the Finance Manager will be linked to a specific budget holder and should only be used to purchase goods from that budget.

Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the cardholder and the budget holder are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card.

### **Multipay card limits**

	Primary schools ( <i>up to 200 pupil</i> ) £	Secondary schools £
Head of Operations	4,000	4,000
Maximum amount per school	2,000	5,000

*The CFO has authority to temporarily increase limits up to a maximum of £10,000 in exceptional circumstances.*

## 8.10 Reconciliation

Transactions are posted to Sage by the school finance office. Statements will be downloaded each week by the Finance Office to facilitate ongoing reconciliation. All receipts or other backing documentation must be produced and agreed to the statement by the Finance Manager. The statement must be reviewed and signed off by the Headteacher each month. The Trust Management Accountant will reconcile statements to the transactions on Sage each month. This will be reviewed and signed off by the CFO

The Chief Financial Officer will spot check each academy's monthly reconciliation to ensure that the business charge card system is operating correctly.

Where there are unreconciled items at month-end closedown, they will be posted to suspense with prompt follow-up from the central finance team to clear the suspense account.

## 8.11 Travel Cards

Travel cards provided by Caxton are pre-loaded cards that schools can take on trips to cover spend whilst off-site that can't be paid in advance via purchase order or credit card. Schools liaise with the central team to top up the cards ahead of outgoing trips. It is the responsibility of finance staff in schools to ensure that all documentation is available to support monthly reconciliation.

### Travel Card Limits

	Primary schools ( <i>up to 200 pupil</i> ) £	Secondary schools £
Maximum amount per school	200	1,000

## 8.12 Leases

There are two types of leases, 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). If there is any uncertainty as to whether any lease does or does not involve an element of borrowing, the trust must contact their external auditor for advice.

Academy Trusts must seek and obtain prior written approval from the DfE, for the following leasing transactions:

- taking up a finance lease on any asset not on the DfE approved list for any duration from another party. These are subject to the borrowing restrictions per the Academy Trust Handbook
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land or buildings to another party

Academy Trusts may take out and grant other types of leases without DfE approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require DfE approval. Leases should be disclosed in Trusts' annual accounts in accordance with the Academies Accounts Direction.

If an academy Trust does wish to enter a lease that requires DfE consent, then the Trust will need to contact the DfE 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 DfE is required.

## 8.13 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 DfE. Such transactions may additionally require HM Treasury approval dependent on the nature of the transaction involved.

## 8.14 Insurance arrangements

The Trust will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The COO will obtain the following insurance cover as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability

All risks will be reviewed annually to ensure that the cover is adequate.

All contractors must have public liability insurance before they are allowed to undertake work on the school premises.

People hiring the school premises and using facilities should either be covered by the Trust's insurance at an additional cost or must produce a valid public liability insurance with indemnity up to £5,000,000.

# 9. INCOME

The main sources of income for the schools are the grants from the Department for Education.

Schools also obtain income from:

- Local Authorities
- student teachers from universities and other institutions
- hiring of premises and facilities
- school meal sales
- uniform sales
- students, mainly for trips
- training courses

## 9.1 Core Grant Funding

The main source of income for the Trust are the grants to its Academies from the Department for Education. The receipt of these sums is monitored directly by the CFO. The CFO is responsible for ensuring that all grants due to the Federation are received. These grants include:

- General annual grant
- Ad-hoc ESFA grants i.e. in-year growth funding, additional pension and pay grants not currently rolled into the general annual grant allocation
- Pupil premium, top-up funding for educational health care plans, sport premium
- Devolved formula capital and school condition allocation
- Invoiced income

The Trust obtains income from other sources in accordance with its charitable objects and the charges and remissions policy. All sales invoices should be raised online via the finance system by the central finance team.

## 9.2 Lettings

Bookings for lettings are made through the Finance Team or Sports Centre Team (Chipping Sodbury School only). Invoices are raised centrally by the Trust Finance Team as noted above, with the exception of the Sports Centre at Chipping Sodbury School. All lettings are fully managed by the Sports Centre Manager.

All monies must be banked by the school to the Trust bank account. The Finance Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

## 9.3 Online payments

Schools should use an online payment facility to collect income. The current system of preference across the Trust is Parent Pay. Cash within schools is to be minimised and so parental engagement with Parent Pay is to be encouraged by schools. As the website accessed by the payee is not held on the Trust's servers, all security obligations (apart from the data protection of names and addresses of payees) relating to card details are handled by the system provider.

Where using an online payment collection system, schools must provide reports to central finance so the accounting system can be updated to reflect the cash received.

## 9.4 Credit control

The Athelstan Trust's standard payment terms are 30 days. Reviews of debtor balances are carried out on a monthly basis as part of the month-end process. Where a debt exceeds 30 days, the credit management process is triggered and actioned as follows:

<b>Days Overdue</b>	<b>Action</b>
30	Email statement, issued as polite reminder, with a copy of invoice(s)
60	Email credit control letter Stage One
90	Email credit control letter Stage Two Copy in member of staff who requested the invoice Account suspended (where appropriate)
120	CFO notified to determine course of action. This may involve a debt collection agency where appropriate. Email credit control letter Stage Three Copy in member of staff who requested the invoice

## 9.5 Debt write-offs

Aged debtor balanced will be reviewed each month, with a full review of debtor balances prior to each year-end to establish whether any provisions against the debt or write-offs should be made.

Write offs of single transactions over 1% of total annual income of the Trust or £45,000 (whichever is the smaller) must be approved by both the Trust Board and the DfE. Cumulatively, if total write-offs in any one financial year exceed 5% of total annual income or £250,000 (again whichever is the smaller), approval must be obtained from the DfE.

The CFO will oversee and approve debt-write offs as part of the credit control process noted above. In deciding whether write off a debt, the central team must liaise with the school to determine whether the debt is irrecoverable.

## 9.6 Trip management

Where a new trip is arranged, the school should ensure that the charging and remissions policy is followed.

Where schools are subsidising the cost of a trip, they must ensure that there is budget available to do so.

The terms and conditions for parents should align with those of the trip provider with regards to cancellation/ amendment to minimise the financial risk to school budgets. Schools should therefore be aware of clauses in contracts with tour operators, coach companies etc when arranging trips, and make the resultant terms clear as part of initial communications with parents.

Trip income/ expenditure will be adjusted at month-end to reflect the financial position of the trip accurately within the Trust's monthly accounts.

Finance managers are responsible for reconciling the trip once all income expenditure relating to the trip has been fully accounted for. Where a charge has been made to pupils for a trip/ excursion and upon reconciliation of the trip it is evident that the trip is in surplus, a refund will be made to pupils where the surplus is greater than £5 per pupil.

## 9.7. Charging Policy

The Trust is committed to the general principle of free education and recognises the valuable contribution that a wide range of activities, including school visits and residential experiences, can make towards all aspects of students' education. It also believes that all our students should have an equal opportunity to benefit from academy activities and visits (curricular and extracurricular) independent of their parent's financial means.

The Trust recognises its responsibility to ensure that the offer of activities and educational visits does not place an unnecessary burden on family finances. To this end we will try to adhere to the following guidelines:

- where possible we shall publish a list of visits (and their approximate cost) at the beginning of the school year so that parents can plan ahead
- we have established a system for parents to pay in instalments
- when an opportunity for a trip arises at short notice it may be possible to arrange to pay by instalments beyond the date of the trip

- we acknowledge that offering opportunities on a 'first pay, first served' basis discriminates against pupils from families on lower incomes and we will avoid that method of selection. Priority will be given as follows where a trip is oversubscribed:
  - Priority 1 - Pupil Premium students
  - Priority 2 – Other disadvantaged pupils
  - Priority 3 – Attendance record.
  - Priority 4 – Behaviour record

The 1996 Education Act requires all schools to have a policy on charging and remissions for school activities, which will be kept under regular review.

The policy identifies activities for which:

- voluntary contributions may be requested
- charges will be made
- charges will not be made
- charges may be waived

## 9.8 Voluntary Contributions

Separately from the matter of charging, schools may always seek voluntary contributions in order to offer a wide variety of experiences to pupils. All requests for voluntary contributions will emphasise their voluntary nature and the fact that pupils of parents who do not make such contributions will be treated no differently from those who have.

*The Law states:*

- if the activity cannot be funded without voluntary contributions the Governing Body or Headteacher will make this clear to parents from the outset
- no child will be excluded from an activity because his or her parents are unable or unwilling to pay
- if insufficient contributions are received, the trip or activity may have to be cancelled
- if a parent is unwilling or unable to pay their child will still be given an equal chance to on the visit

## 9.9 When charges will be made

The Trust reserves the right to make a charge for the following activities which may from time to time be organised by the school:

- activities outside school hours - the school will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below (time spent on travel counts in this calculation if the travel itself occurs during school hours))
- residential activities held during school hours - charges may be made for the board and lodging element of those residential activities during school hours. Parents will be notified in advance of

any such activities which the school proposes to organise and the estimated cost. Parental consent will be obtained for their children's participation in any such activities for which a charge may be made. However pupils whose parents are in receipt of certain benefits (see remissions policy below) may not be charged for board and lodging costs

- music tuition - music tuition for individuals or groups led by peripatetic teachers

Parents will be notified in advance of any 'optional extras' which the school proposes to organise and the estimated cost. Parental consent will be obtained if their children are to participate in any activities for which a charge may be made.

Any charge for a particular activity will be dependent upon the type of activity and its cost and the number of participants. This charge will not exceed the actual cost of providing the activity, divided equally by the number of pupils willing to participate. The cost of other pupils participating in the visit will not be included in the charge. The charge may however include an appropriate element for such things as:

- the pupil's travel costs
- the pupil's board and lodging costs
- materials, books, instruments and other equipment
- administration costs
- entrance fees to museums, castles, theatres, etc.
- insurance costs
- the expenses only of participating teachers engaged on a separate contract for services to provide the 'optional extra'
- Cover costs i.e. supply cover required to release teachers' time to attend

If the number of school sessions on a residential trip is equal to or greater than 50% of the number of half days spent on the trip it is deemed to have taken place during school hours (even if some activities take place late in the evening). Whatever the starting and finishing times of the school day, regulations require that the school day is divided into 2 sessions. A "half day" means any period of 12 hours ending with noon or midnight on any day.

## 9.10 When charges will not be made

Charges will not be made for the following:

- an admission application
- education provided during school hours
- education provided outside school hours if it is part of the curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of the school's basic curriculum for religious education
- tuition for pupils learning to play musical instruments (or singing) if the tuition is required as part of the curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education
- first entry for a prescribed public examination, if the pupil has been prepared for it at the school
- education provided on any curriculum trip that takes place during school hours

- education provided on any trip that takes place outside school hours, is part of the curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of the school's basic curriculum for religious education
- transport provided in connection with an educational trip that is a prescribed part of the curriculum

## 9.11 Remissions

In order to remove financial barriers from disadvantaged pupils, the Trust has agreed that some activities and visits where charges can legally be made will be offered at no charge or a reduced charge to parents in particular circumstances. This remissions policy sets out the circumstances in which such charges will be waived. As a general rule students in these categories will be in receipt of Pupil Premium.

Additional categories of parents may claim help with some costs in the following circumstances:

- specific individual circumstances that have caused temporary hardship
- recently moved into hardship but not yet receiving the benefits mentioned above
- made a specific request to the Headteacher for any other justifiable reason. The remission is at the Headteacher's discretion in these circumstances based on any evidence provided

# 10. CASH MANAGEMENT

The CFO must implement the following controls:

- a list of cheque signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories
- a minimum of three signatures should be maintained on the mandate
- the CEO/CFO may sign all cheques other than those payable to themselves, in accordance with prescribed authorisation limits.
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest

Arrangements must be made with the bank must include:

- a statement to be provided at least once a month
- to disallow any overdraft

Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the school has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.

## 10.1 Reconciliation

The Trust Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The Reconciliation procedures must ensure that all bank accounts are reconciled to the Trust's cash book on Sage, reconciliations are signed by the Trust Finance Manager and CFO, reconciliations are subject to an independent monthly review carried out by the CFO and all adjustments arising are dealt with promptly. The bank account should be monitored at least weekly, to check incomings and outgoings are as expected.

Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The CFO will sign reconciliations as evidence of their review.

## 10.2 Cash Flow Forecasts

The CFO is responsible for preparing a rolling annual cash flow forecast on a monthly basis. This ensures that the Trust has sufficient funds to support day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages. Cashflow forecasts must be included in the monthly management accounts per the ATH.

## 10.3 Petty Cash

Petty cash should not be used in schools owing to the significant administration, costs and risks associated with holding cash in schools. Where schools require petty cash, they must obtain approval from the CFO.

# 11. FIXED ASSETS

## 11.1 Security

The COO is responsible for ensuring there are arrangements for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.

The immediate responsibility for the safeguarding of equipment lies with end user departments. In support of this, the School/Trust provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

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

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Headteacher/ CFO immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £1,000, unless a higher limit is specifically agreed with the insurer.

Losses due to theft of stocks or cash shall be promptly reported to the relevant headteacher, COO and CFO who will agree the next steps including informing the police and other parties as appropriate.

Steps must be taken by the COO to ensure that there are effective back up procedures for all computer systems. If still in use all back up disks, tapes, etc. should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the Trust IT Manager.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.

The COO shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 1998.

## 11.2 Fixed Asset Register

An asset register should also be maintained in a format agreed with trustees, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the trust, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de-minimis level of £5,000.

The asset register should include the following information:

- asset description
- 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

The Asset Register helps:

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

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on a monthly basis for preparation of the management accounts. Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Chief Financial Officer will discuss these items on an individual basis with the Trust's accountants.

The Trust has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight line percentages:

• Property:	2%
• Furniture & equipment:	15% - 20%

- Plant & Machinery 15%
- Computer equipment & software 20%
- Motor vehicles: 10%

All the items in the asset register should be permanently and visibly marked as the trust's property. The person maintaining the register will share a copy of assets held by each school with their respective finance manager annually prior to year-end to ensure that the register is up-to-date and that any disposals are recorded. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the CFO.

Where items are used by the trust, but do not belong to it, this should be noted. Note: most assets at Malmesbury School are owned and maintained by G4S the management company for the PFI.

### 11.3 Acquisitions and disposal of Assets

The Trust must seek and obtain prior written approval from the DfE, for the following transactions:

- acquiring a freehold on land or buildings
- disposing of a freehold on land or buildings
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained for their contribution to knowledge and culture, as defined in applicable financial reporting standards

Schools may dispose of any other fixed asset (i.e., other than land, buildings and heritage assets as described above) without the prior approval of the DfE. Any disposal must maintain the principles of regularity, propriety, and value for money. This may involve public sale where the assets have a residual value. For this purpose, schools are permitted to operate re-sale accounts i.e. ebay. These must be set up as school accounts and should not go through personal accounts of staff.

Some property transactions may be novel or contentious and so require the consent of the DfE on that basis. Novel payments or other transactions are those in which the school or the Trust has no experience or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for Trusts to use their judgement about when they should seek the prior advice of the DfE. Public money must always be spent prudently and in ways that command broad public support.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following due process:

- taking reasonable steps to advertise the disposal
- inviting bids for the asset (sealed bids are preferable)
- negotiating with potential purchasers

The Trust may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the 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 trust would need to ensure licences for software programmes have been legally transferred to a new owner.

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

#### 11.4 Loan of equipment

Items of property must not be removed from premises without the authority of the Head of Department or Headteacher. A record of the loan must be recorded and the asset booked back in when it is returned.

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 trust's auditors.

### 12. MISCELLANEOUS ISSUES

#### 12.1 Gifts

All gifts to the school either in kind or in money should be recorded on the gifts and hospitality register where the value exceeds £25

#### 12.2 Expenses paid to Governors and Trustees

Expenses may be paid to Governors and Trustees in accordance with DfE guidance.

### 13 Other Finance Policies

Other finance policies observed by the Trust are summarised in the table below.

Policy	Last Review	Review Frequency
Reserves Policy	November 2023	Annual
Tendering Policy	November 2023	Every 3 years / in response to change in legislation
Fraud Policy and Procedures	November 2023	Annual
Travel and Subsistence Policy	November 2023	Every 3 years
Fixed Asset Policy	November 2023	Every 3 years
Investment and Treasury Policy	November 2023	Annual

## Appendix A - Finance Systems – Process

The following routine systems should be operating across the Trust. Ultimate responsibility for finance rests with the Accounting Officer (the CEO) delegated to the Chief Financial Officer.

### Orders

Budget holder raises a requisition through the online portal. If a technician or assistant enters the requisition the budget holder must authorise this online. The Finance Manager must also authorise the requisition to enable an order to be raised by the Finance Office.

1. Finance Office should check that there is evidence for best value and if they know of a lower priced supplier should recommend this to the budget holder.
2. Orders must have appropriate evidence attached in line with the financial procedures' manual.
3. Telephone orders should only be placed in emergencies and the reason will be checked to ensure it is genuine. A requisition must be raised immediately to support such an order.
4. The order should be raised by the Finance Office and authorised by the Finance Manager. Orders should be submitted online wherever possible, the hard copy should be printed and retained. If the order is for the finance office/administration, it should be authorised by the Headteacher.
5. Goods received should be checked in line with procedures at each school. Delivery notes should be retained.
6. Any returns should be notified as soon as possible and dealt with in line with local procedures.
7. Invoices must be sent to the Finance Office for payment and stamped with the following:
  - Order number
  - Date received
  - Authorised signature
  - Coding for posting to Sage

**These details are entered onto the stamped area to provide a single point of reference on an invoice.**

8. Finance Officers should not be budget holders and should not be signing off invoices. The exception would be for low value admin items. As a rule, to ensure segregation of duties and probity if the finance officer has signed off there should be a countersignature from the Headteacher or CFO.

9. Invoices should be married up with the rest of the documentation for that purchase. The finance assistant will enter the invoice onto the system.
10. A BACS run will be carried out centrally for each batch of invoices. The Sage run report should be printed, together with the Lloyds Commercial batch report, if appropriate, and be signed by the two signatories of that batch. Invoices should be checked on Sage.
11. Reports should be filed in date order.

### **On line orders e.g. Amazon and Multipay card**

A paper requisition must still be raised and authorised by the budget holder.

1. The credit card order confirmation must be printed, attached to the requisition and retained by the Finance Office.
2. Where applicable a VAT invoice should be obtained for the goods and attached to the paperwork.
3. Credit card purchases should be entered directly to Sage by the school finance office.
4. The credit card statement should be authorised by the Headteacher, CEO or CFO.

### **Budget Holders**

Budget holders will have access to real time information regarding expenditure against budget on the online Sage portal. Budget holders should be reminded that they cannot place orders direct, they must raise a requisition.

### **VAT**

A VAT report will be prepared and submitted for each month ended by the Trust Management Accountant. The CFO should authorise the VAT report before it is submitted.

## Appendix B - Best Value Statement for Trustees and Local Governing Bodies

### Introduction

Subject to the scheme of delegation the Trustees/LGB are accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Trustees/Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

### What is Best Value

Trustees/Governors will apply the four C's of best value:

- **Challenge:** Why, how and by whom a service is provided
- **Compare:** School performance against available data.
- **Consult:** With service users, the local community etc.
- **Competition:** Wherever practicable, to secure efficient and effective services

### The Trustees/Governors Approach

The Trustees/Governors and school managers will apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school
- the targeting of resources to best improve standards and the quality of provision
- the use of resources to best support the various educational needs of all pupils

The Trustees/Governors and the finance managers will:

- make comparisons with other/similar schools using available data, e.g., RAISE online, quality of teaching and learning, levels of expenditure
- challenge proposals, examining them for effectiveness, efficiency, and cost
- require suppliers to compete on grounds of cost and quality/suitability of services/products
- consult individuals and organisations on quality/suitability of service we provide to parents pupils, and services we receive from providers

This will apply in particular to:

- **staffing** – Trustees/governors in association with the leadership team will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management
- **use of premises** - Trustees/governors in association with the leadership team will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources
- **use of resources** - Trustees/governors in association with the leadership team will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality learning
- **quality of teaching** - Trustees/governors in association with the leadership team will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils and teaching which builds on previous learning and has expectations of children's achievement

- **quality of learning** - Trustees/governors in association with the leadership team will review the quality of children's learning by setting of pupil achievement targets
- **purchasing** - Trustees/governors in association with the leadership team will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost
- **pupil's welfare** - Trustees/governors in association with the leadership team review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation
- **health and safety** - Trustees/governors in association with the leadership team review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors

These areas will be monitored for best value by:

1. Departmental reviews by the Headteacher & Senior Leadership Team
2. Termly target setting meetings between Headteacher, Senior Leadership Team and head of departments
3. Annual performance management
4. Annual budget planning
5. Headteacher's reports including financial review
6. Feedback from responsible officer and audit report
7. Analysis of school pupil performance data
8. Analysis of LA/DfE financial data
9. Analysis of DfE pupil performance data
10. Key issues for action identified by OFSTED
11. Trustees/Governors termly committee meetings
12. Trustees/Governor's annual staff salary review

**The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable issues.**