

# Finance Procedures Handbook 2023

Updated: November 2023

Next review: November 2024

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## Finance Procedures Handbook

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| <b>Policy Title</b> | Governance Structure (TPO/FIN/01)                               |
| <b>Objectives</b>   | To ensure that the Trust has an effective governance structure. |

The Articles of Association determine the Trust governance structure. Board of Directors' meetings take place three times a year. The Board of Directors approve the written Scheme of Delegation. In the Scheme of Delegation, the Board of Directors delegates financial scrutiny and oversight to the Finance and Resources Committee and the Audit and Risk Committee. The Head of Governance is the Clerk to the Board of Directors, the Finance and Resources Committee and the Audit and Risk Committee. The Chief Executive Officer is the Accounting Officer for the Trust. Both the Chief Executive Officer and the Chief Operating & Resources Officer are appointed by the Board of Directors who, through the Remunerations Committee, are responsible for reviewing their salaries.

The members of the Board of Directors, the Finance and Resources Committee, the Audit and Risk Committee and the Local Governing Bodies are all listed on the Trust website. The information published includes:

- The structure and remit of the committees
- The full name, date of appointment, date they resigned (where applicable) of each committee member who has served at any point over the past 12 months.
- Their attendance at meetings over the last academic year

The ESFA are provided with direct contact details for the following positions:

- Accounting Officer
- Chief Finance Officer
- Chair of Trustees
- Chair of Local Governing Bodies

### Further Information:

- Articles of Association
- Scheme of Delegation
- Scheme of Delegation of Financial Powers
- Finance and Resources Committee Terms of Reference
- Audit and Risk Committee Terms of Reference
- ESFA Academies Financial Handbook

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| <b>Policy Title</b> | Registers (TPO/FIN/02)  |
| <b>Objectives</b>   | To ensure accountability and transparency throughout the Trust. |

The Trust maintains several registers to ensure accountability and transparency. These include:

### Register of Business Interests

For all committee members (Board of Directors, Finance and Resources Committee, Audit and Risk Committee and Local Governing Body), Heads of Profession, the Senior Education Team, Principals, Vice Principals, School Business Professionals and other senior members of staff the relevant business and pecuniary interests including governance roles in other educational institutions is published on the Trust website. The data for this is captured annually in September with the completion of the Register of Business Interests Form. This identifies close family relationships with the Trust. A standing item on every committee agenda is the confirmation that this data is up-to-date, and that the member has no business interest in relation to that agenda.

### Gift Register

For all employees of the Trust any gifts received valued at £50 or above, along with their value, are recorded on the Trust Gift Register. This is updated every time a gift is received and is checked as part of the internal audit process.

### Register of People with Significant Control

The Trust Register of People with Significant Control is maintained by the Head of Governance and is published on the Trust website.

### Connected Party Relationships

For all committee members (Board of Directors, Finance and Resources Committee, Audit and Risk Committee and Local Governing Body), Heads of Profession, the Senior Education Team, Principals, Vice Principals, School Business Professionals and other senior members of staff any connected party relationships are published on the Trust website. The data for this is captured annually in September with the completion of the Connected Party Relationships Form.

Any novel, contentious or repercussive related party transaction is reported to the ESFA for their approval prior to the transaction taking place.

### Further Information:

- ESFA Academies Financial Handbook
- Trading with Connected Bodies/ Related Party transactions procedure TPO/FIN/19

### Documentation:

- Register of Business Interests Form
- Gift Register
- Connected Party Relationships Form

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| <b>Policy Title</b> | Scheme of Delegation of Financial Powers (TPO/FIN/03) |
| <b>Objectives</b>   | To maintain robust internal control arrangements.     |

The Board of Directors approves the written Scheme of Delegation. The Finance Section is reviewed and updated annually by the Finance and Resources Committee before it is recommended to the Board of Directors for approval for operation from the following September.

### Documentation:

- Scheme of Delegation
- ESFA Academies Financial Handbook

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| <b>Policy Title</b> | Risk and Insurance (TPO/FIN/04)                           |
| <b>Objectives</b>   | To ensure effective and continued operation of the Trust. |

### Risk

The Strategic Development Group (SDG) monitors the Trust Risk Register reporting to the relevant Committee. Updates are provided to the Audit and Risk Committee and the Board of Directors at every meeting. The Trust operates a Health and Safety Committee who meet three times a year to monitor and review risk. The minutes from these meetings are reviewed by the Audit and Risk Committee and the Board of Directors. Financial risk is reviewed and monitored by the Finance and Resources Committee.

The Trust has in place contingency and business continuity planning for each of the schools. The documentation for this is held within the school and centrally.

### Insurance

The Trust has opted into the Academies Risk Protection Arrangements (RPA) with the ESFA. It has other insurance in cover for those items not included within the RPA scheme for example motor vehicle cover. The confirmation certificates are on display in each school. These are updated annually in September. Overseas travel is covered as part of the RPA. The certificate for this displayed alongside the confirmation certificate.

### Documentation:

- ESFA Academies Financial Handbook
- RPA Confirmation Certificate
- RPA Overseas Travel Certificate
- Risk Register

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| <b>Policy Title</b> | Reporting to the ESFA (TPO/FIN/05)  |
| <b>Objectives</b>   | To provide the ESFA with the financial information they require as per the Funding Agreement. |

The ESFA publishes the Academies Financial Handbook annually. This provides guidance on good financial management and highlights areas that are mandatory.

On the ESFA website there is a timetable which details the returns that should be submitted to the ESFA and the dates by which these must be completed. Detailed guidance on completion of these forms can be found on the ESFA website.

The Chief Financial Officer is responsible for all financial returns to the ESFA. These forms, unless guidance is issued otherwise, are submitted by the Chief Financial Officer via the secure online account.

The Head of Estates and Sustainability is responsible for all estates returns to the ESFA. These forms, unless guidance is issued otherwise, are submitted via the secure online account.

### Documentation:

- The Funding Agreement
- ESFA Academies Financial Handbook
- ESFA website

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| <b>Policy Title</b> | Reporting to the Board, Finance and Resources Committee, Audit and Risk Committee and other Committees (TPO/FIN/06) |
| <b>Objectives</b>   | To ensure that relevant parties are kept informed of the financial position of the Trust.                           |

### Board of Directors

The Chief Financial Officer provides a monthly management report to all board members. This includes an income and expenditure account, variation to budget report, cash flow statement and balance sheet.

The Chief Financial Officer provides a more detailed quarterly management report including details on capital expenditure and student numbers to all board members. The forecasts for both income and expenditure are updated each quarter and details of this are included in the report.

The Chief Operating & Resources Officer produces resources update report for the Board of Directors prior to every meeting. The Directors are then presented with the key issues at the meeting. They are then invited to challenge both the Chief Operating & Resources Officer and the Chief Financial Officer.

### Finance & Resources Committee

The Finance and Resources Committee meets at least four times a year. The annual workplan is agreed at the start of the year.

The Chief Operating & Resources Officer and Chief Financial Officer liaise with the Chair of the Committee to prepare the agenda. This alongside the relevant reports are scrutinised by the Strategic Development Group prior to circulating to the committee members.

These include:

- Resources update
- Spotlight focus on a CORE activity
- Quarterly management accounts
- Year-end report and financial statements
- The latest budget figures.
- The five-year plan
- An update on any capital expenditure
- Maximising spends efficiency.
- Asset management
- Financial risk update
- Any other business the committee members would like to raise.

The committee comprises of:

- Three members appointed by the Board of Directors
- The CEO (as adviser)
- The Chief Operating & Resources Officer (as adviser)
- Chief Financial Officer (as adviser)

Other members of the CORE team or senior leaders can attend by invitation as an adviser.

The Head of Governance is the Clerk and takes the minutes of the meeting to circulate.

### Audit and Risk Committee

The Audit and Risk Committee meets at least three times a year.

The Chief Operations and Resources Officer and the chair of the committee prepare the agenda. This alongside the relevant reports are scrutinised by the Strategic Development Group prior to circulating to the committee members.

These include:

- Internal controls and risk management systems
- Health and safety
- Safeguarding
- Compliance, whistleblowing and fraud
- External audit report
- The internal audit programme.
- The latest internal audit reports and any action required.
- Any other business the committee members would like to raise.

The committee comprises of:

- Three members appointed by the Board of Directors
- The CEO (as adviser)
- The Chief Operating & Resources Officer
- The Chief Financial Officer (as adviser)

The Head of Governance is the Clerk and takes the minutes of the meeting to circulate.

### Local Governing Bodies

The Local Governing Bodies have no responsibility for finance and so do not receive any financial information.

The Chief Operating & Resources Officer and Chief Financial Officer are available and will attend meetings when invited and have the right to attend all meetings. Any Chair of a Local Governing Body can request a meeting with the Chief Operating & Resources Officer and Chief Financial Officer to discuss the financial position of their school at any time.

The schools **must not** provide governors with financial information without prior authorisation from the Chief Financial Officer.

### Documentation:

- Board of Directors Finance Report
- Board of Directors minutes
- Finance and Resources Committee agenda and reports
- Finance and Resources Committee minutes
- Audit and Risk Committee agenda and reports
- Audit and Risk Committee minutes
- Local Governing Body reports
- Monthly Management Accounts
- Management Accounts and Budgetary Control Procedure (APO/FIN/11)

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| <b>Policy Title</b> | Annual Accounts (TPO/FIN/07)          |
| <b>Objectives</b>   | To meet the Trusts' legal obligations |

The Annual Accounts are prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and the ESFAs Academies Financial Handbook and Accounts Directive. The Trust accounting period ends on 31<sup>st</sup> August and the audited accounts are submitted to the ESFA by 31<sup>st</sup> December. The Finance and Resources Committee and the Audit and Risk Committee review the accounts and external audit report prior to submission to the ESFA and approval by the Board of Directors. The accounts are published on the Trust website by 31<sup>st</sup> January and submitted to Companies House by 31<sup>st</sup> May. The information requested by the ESFA in the Annual Accounts Directive is provided by the deadline.

### Documentation:

- Annual Accounts
- Charity Commission's Statement of Recommended Practice
- ESFA Academies Financial Handbook
- ESFA Accounts Direction

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| <b>Policy Title</b> | Audit (TPO/FIN/08)   |
| <b>Objectives</b>   | To provide assurance over the suitability of, and compliance with the Trusts financial systems and controls. |

### Audit and Risk Committee

The members of the Audit and Risk Committee are appointed by the Board of Directors. There are no employees of the Trust on the committee although the Chief Executive Officer, the Chief Operating & Resources Officer and the Chief Financial Officer attend as advisers. The Head of Governance acts as Clerk to the committee.

### External Audit

The Board of Directors is responsible for appointing and removing the external auditors. The auditors certify whether the annual accounts present a true and fair view of the financial performance and position of the Trust. There is a written contract of employment for the external audit work. This letter of engagement covers the scope of the external audit work to be undertaken and the fee.

The letter of engagement outlines the process for the removal of the auditors in exceptional circumstances and the requirement for the auditors to provide the Trust with an explanation within 14 days should they resign. The Board of Directors will inform the ESFA with an explanation immediately of the removal or resignation of the external auditors if this is not at the end of the agreed term of office.

### Regularity Audit

The Chief Executive Officer, in his position as Accounting Officer, provides a statement on regularity, propriety and compliance in the annual accounts in the format as contained in the ESFA's Accounts. This is reviewed by the external auditors.

### Internal Audit

A separate firm of auditors is responsible for the internal audit work.

The checks carried out as part of the audit are agreed in advance with the Audit and Risk Committee. Following these visits, the Internal Audit Partner issues a report to the Audit and Risk Committee in the format as agreed with the Committee. This report identifies any risk to public money and/or a regularity issue in relation to income and expenditure and any control weaknesses at each school.

### Documentation:

- EFA Academies Financial Handbook
- EFA Accounts Direction

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| <b>Policy Title</b> | Budget (TPO/FIN/09)   |
| <b>Objectives</b>   | To ensure budgets are prepared and maintained to provide the Trust with funds to meet its objectives. |

The budget planning process commences with the initial business planning sessions with each school highlighting local context, strategic priorities, opportunities and threats. Our approach to integrated curriculum and financial planning is undertaken concurrently, confirming agreed curriculum required for the year and associated resources including staffing. This information alongside the current estates condition surveys is reviewed at Executive who form the membership of the Strategic Delivery Group. Once agreed in principle, the proposed budgets and strategic priorities are reviewed, discussed and updated as required prior to final submission and scrutiny and sign off by the board.

Based on these figures, the Chief Operating & Resources Officer and Chief Financial Officer produce the Five-Year Finance Plan. Which includes projected student figures, various financial assumptions. This is presented to the Strategic Delivery Group. Any adjustments are then made before this is presented to the Finance and current known financials including level Resources Committee for challenge. The Finance and Resources Committee, when they are satisfied with the information they have been provided with, recommend the Five-Year Finance Plan to the Board of Directors who are asked to approve. Once approved by both the Finance and Resources Committee and the Board of Directors, the first three years of the plan are submitted to the ESFA with the annual budget.

Since 2016 the Trust has GAG pooled funding and this has continued during the financial year with centralisation of catering, Finance, introduction of procurement resources, programme management and digital strategy resources and costs. Resources for curriculum delivery are prioritised. Priorities are agreed in partnership with senior leaders across the Trust.

**Appeals:** Any Principal that is dissatisfied with the budget allocation for the school they lead may formally raise the issue in writing to the Chief Executive Officer. If they are dissatisfied with the outcome of this, they may appeal to the Finance and Resources Committee. The ESFA can be notified of any unresolved issues in relation to the budget allocation.

### Controls:

- Budgets are prepared annually and submitted to the ESFA after they have been approved by the Board of Directors

### Documentation:

- Annual budget figures
- Reporting to the Board, Finance and Resources Committee and other Committees Procedure (TPO/FIN/06)
- Reporting to the ESFA Procedure (APO/FIN/05)

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| <b>Policy Title</b> | Devolved Budgets (TPO/FIN/10)  |
| <b>Objectives</b>   | To allow budget holders to purchase items and to monitor this expenditure. |

Within the budget an amount is allocated to devolve to nominated budget holders.

Prior to the beginning of the financial year each budget holder is issued with their budget for the year. Each budget holder has access to the IRIS Financial System to raise requisitions and monitor their budget. It is a live system, and an up-to-date report can be produced at any time. The system will not allow a requisition to be raised for which there is no budget.

### Controls:

- The system will not allow a requisition to be raised for which there is no budget.
- The Finance Business Partner reports any areas of concern to the Principal and the School Business Professional.

### Documentation:

- Devolved budgets.
- Devolved expenditure to date.

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| <b>Policy Title</b> | Management Accounts and Budgetary Control (TPO/FIN/11)   |
| <b>Objectives</b>   | To ensure that management accounts are produced monthly and show an accurate up to date position in relation to those budgets. |

Management Accounts are produced monthly by the Finance Business Partners using the Bespoke Management Accounts report in IRIS Financials. This includes the actual to date against the forecast to date at the latest quarter and the forecast year end position against both the budget and the latest quarterly reforecast. The forecasts are updated at the end of each quarter (30/11, 28/2, 31/5). This is completed in line with the finance timetable issued at the beginning of each year.

The Finance Business Partner meets with the relevant Head of Profession or the School Business Manager and Principal each month to discuss. Corrective actions are discussed when necessary to bring the actuals back in line with the budget. Quarterly the figures are presented to the Chief Operating & Resources Officer and the Chief Financial Officer with the Head of Professional or Principal and School Business Lead.

The Strategic Development Group review the Trust figures each month.

### Controls:

- Management accounts are reviewed monthly by the Strategic Development Group, the Heads of Professional and the Principal and School Business Professional as appropriate.
- Management accounts are discussed quarterly with the Chief Operating & Resources Officer and Chief Financial Officer
- The Finance and Resources Committee and the Board receive a monthly report outlining the current financial position against the latest forecast.

### Documentation:

- Month end file
- Monthly Reports
- Management reports
- Reporting to the Board, Finance and Audit Committee and Local Governing Bodies Procedure (APO/FIN/06)
- Month End Procedure (APO/FIN/12)

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| <b>Policy Title</b> | Month End (TPO/FIN/12)  |
| <b>Objectives</b>   | To ensure the financial reports show a true and fair view at the month end. |

The tasks as outlined below must have been completed before the month end financial statements are produced.

The transactional technician must have processed the following:

- Purchase Ledger Input
- Sales Ledger Input
- Petty Cash Input
- Credit Card Input
- Bank Reconciliation
- ESFA Income journal
- Reconciliations
- VAT checks

The Payroll Business Partner must have processed the following:

- Salaries Journal
- Payroll reconciliations

The Finance Business Partners must have processed the following:

- Accruals
- Prepayments
- Reconciliations

The Finance Systems and Operations Manager will close the system to users as per the Finance timetable as agreed prior to the beginning of the year. Once the system has been closed the trial balance, profit and loss account and balance sheet can be produced. From these the monthly management reports can be run.

### Documentation:

- Journal file
- Payroll reports
- Cheque book
- Receipts record
- Petty Cash record
- ESFA Remittance
- Nominal Ledger Procedure (TPO/FIN/13)
- Sales Ledger Procedure (TPO/FIN/20)
- Procurement and Purchasing Procedure (TPO/FIN/24)
- Nominal Ledger and Transactions Procedure (TPO/FIN/13)
- Petty Cash Transactions Procedure (TPO/FIN/26)
- Bank Procedure (TPO/FIN/15)
- Reconciliations Procedure (TPO/FIN/14)
- Management Accounts and Budgetary Control Procedure (TPO/FIN/11)

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| <b>Policy Title</b> | Nominal Ledger and Transactions (TPO/FIN/13)   |
| <b>Objectives</b>   | To ensure that balanced books of account are maintained accurately reflecting the financial position at all times. |

The books of account are maintained on the IRIS Financials computerised financial system. This produces all the necessary reports at both Trust and school level. It is an ONLINE system, and 'real time' reports can be produced at any point in time.

Information is input into the accounts through the nominal ledger which contains information processed through the purchase ledger, the sales ledger and the bank accounts and via nominal ledger journals.

Nominal ledger transactions are usually entered onto the system in the form of journals at the month end. The month end journals include:

- Petty cash journal
- Salaries journal
- Payments not entered onto the purchase ledger journal.
- Receipts not entered on to the sales ledger journal.
- Adjustments and mis postings journals
- Prepayments and accruals
- Catering Journals
- Credit card journals

### Controls:

- The petty cash journal is authorised by the Finance Business Partner
- Salaries journal is authorised by the Payroll Business Partner and the Chief Finance Officer.
- Finance Systems and Operations Manager reviews movements between accounts
- The trial balance and all control accounts are reconciled monthly.
- The management accounts are prepared from the trial balance held within the system monthly.
- All significant variances are investigated by the Finance Business Partner, explanations discussed with the budget holder before they are reported in writing to the Chief Finance Officer

### Documentation:

- Petty Cash Record
- Salaries Journal
- IRIS Financials Reports
- Monthly Accounts File
- IRIS Financials Knowledgebase
- Procurement and Purchasing Procedure (TPO/FIN/24)
- Sales Ledger Procedure (TPO/FIN/20)

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| <b>Policy Title</b> | Reconciliations (TPO/FIN/14)   |
| <b>Objectives</b>   | To ensure the account balances on the nominal ledger each month show an accurate position. |

The following month end reconciliations are undertaken:

**Sales Ledger**

The balance on the sales control account is checked against the aged debtors listing to ensure that they balance. Any credit balances are investigated.

**Prepayments**

The balance is checked to ensure it contains only valid prepayments.

**Bank Accounts**

The balances and transactions on the cashbook (on the online financial system) are reconciled to the bank statement.

**Petty Cash Account**

The balance and transactions behind this balance are reconciled to the petty cash record.

**Purchase Ledger**

The balance on the purchase control account is checked against the aged creditors listing to ensure that they balance. Any debit balances are investigated.

**Accruals**

The balance is checked to ensure it contains only valid accruals.

**Inland Revenue, Pension and Wages Control Accounts**

The balances are checked to ensure that they equal the amounts outstanding and are due for payment.

**Credit Card Account**

The balance and transactions behind this balance are reconciled to the credit card cash record.

**Intercompany Account**

The balance and transactions behind this balance are reconciled across the different locations within IRIS Financials.

**Catering Stock**

The balance is checked to ensure it corresponds with caterings stock takes.

**Catering Income – Students**

The balance is checked against the balance held on wise pay monthly.

**VAT**

VAT accounts must be reviewed monthly and documented. This must be signed and dated.

**Trial Balance**

A trial balance must be documented monthly. This must be signed and dated by the finance business partner.

Where suspense account reconciliations do not balance, notes must be added to document the cause and also detail what actions need to be undertaken to clear the suspense account.

Monthly reconciliations must be performed in a timely manner and made available for review in the designated location.

### Documentation:

- Trial balance
- Aged debtor & creditor listings
- Nominal ledger transaction reports
- Bank statements
- Petty cash book
- Payroll reports

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| <b>Policy Title</b> | Bank (TPO/FIN/15)   |
| <b>Objectives</b>   | To ensure that all monies collected are banked and that all payments made are authorised as School expenditure. |

### Bank Accounts

Each school operates its own individual bank account. The ESFA grant money is paid into the Trust bank account and is then transferred into the school accounts at the beginning of the month. All payroll transactions are processed through the individual school accounts along with supplier payments. All other income goes into the relevant school account.

### Payments made directly into bank account.

The bank statement is checked weekly to confirm all payments made directly through the bank. These payments are posted to either the customer account or directly to the nominal ledger through the bank.

### Payments made directly from bank account.

Several payments need to be generated that are not entered on the purchase ledger system. Details of these and the explanatory paperwork are generated by the Finance Business Partner. The Transactional Technician raises these payments. Authorisation is as per supplier payments. These payments are entered onto the system by journal.

### Bank Reconciliation

At the month end the balance on the IRIS Financials bank account is reconciled to the bank statements line by line. Each item on the bank statement is matched and marked as reconciled on the finance system. The reconciled balance on both sides (bank statement and cash book) must be identical at the month end. Any unreconciled balances on the finance system are investigated and either corrected or narrative provided as to why they do not appear on the bank statement.

### Controls:

- The bank accounts are reconciled monthly.
- All cheques have supporting documentation and require two handwritten signatories.
- All unused cheques and cheque books are kept in the safe
- All receipts are recorded in the payments book with the appropriate signature.
- All unidentified items on the bank statement are investigated.
- A copy of the BACs file is kept within the relevant Share point.

### Documentation:

- Bank statement
- Bank receipts
- Cheque book
- Journals File
- Bank paying in book.
- Copy of BACs file
- Nominal Ledger and Transactions Procedure (TPO/FIN/13)
- Sales Ledger System Procedure (TPO/FIN/20)
- Procurement and Purchasing Procedure (TPO/FIN/24)
- Reconciliations Procedure (TPO/FIN/14)
- Month End Procedure (TPO/FIN/12)

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| <b>Policy Title</b> | Unspent Funds (TPO/FIN/16)   |
| <b>Objectives</b>   | To utilise the unspent funds to maximise the impact on teaching and learning |

As detailed in the Trust Reserve Policy, the Trust aims to retain a level of free reserves or unspent funds equivalent to 4% of grant income. The Trust unspent funds are reviewed and monitored by the Board of Directors and the Finance and Resources Committee. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Whilst the level of unspent funds remains above this level the Trust will continue to invest in school standards and improvement.

### Discretionary Expenditure

#### School Standards Fund

Annually the Director of Education bids for an allocation of the unallocated unspent funds to form the School Standards/Improvement Fund. If the Strategic Delivery Group agree that this is appropriate use of these funds, they will seek approval from the Finance and Resources Committee and the Board of Directors for approval.

Should a need for additional funds arise during the year the Chief Executive Officer following discussion with the Director of Education can approach the Strategic Delivery Group, Finance and Resources Committee and the Board of Directors for approval for a specific project.

#### Capital Expenditure

The unspent funds can be used to fund capital expenditure across the Trust. This could be for IT investment or estates management. Any proposed project should be presented to the Strategic Delivery Group. If the Strategic Delivery Group feel that undertaking the project will improve teaching and learning they will seek approval from the Finance and Resources Committee and the Board of Directors.

#### Centrally held funds.

The individual school unspent funds are held centrally by the Trust. These funds can be used to fund any discretionary expenditure as agreed by the Trust Strategic Delivery Group and where and where required, the Finance and Resources Committee or the Board of Directors. It does not however, pool the PFI funding. Any principal that feels their school has been unfairly treated can raise the issue in writing to the Chief Executive Officer. If they are dissatisfied with the outcome of this, they may appeal to the Finance and Resources Committee. The ESFA can be notified of any unresolved issues and their decision will be final and they can dis-apply the pooling provisions.

#### Investment

The Trust has invested an amount of its unspent funds, £1m generated from Trading Company commercial activity and not taken from public funds, in an investment account to maximise the returns available. This is a low-risk portfolio. The investment policy is reviewed regularly by the Finance and Resources Committee. The Chief Operating & Resources Officer and Chief Financial Officer receive monthly reports on the performance of the portfolio.

The Academy Trust does not hold any further investments other than cash at bank and its £100 investment in its subsidiary undertakings as the Trustee's wish to maintain the working capital to meet the day-to-day expenditure incurred.

#### Documentation:

- ESFA Academies Financial Handbook
- ESFA Accounts Direction
- Trust Reserve policy
- Trust Investment Policy

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| <b>Policy Title</b> | Borrowing (TPO/FIN/17)   |
| <b>Objectives</b>   | To ensure that the Trust makes maximum use of funding sources available within the guidelines issued by the ESFA |

The Trusts will obtain the ESFA's prior approval for any borrowing (including finance leases and overdraft facilities) from any source, where this borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable.

Credit cards are only used for business expenditure, and all balances are cleared before interest accrues.

The Trust may participate in the limited schemes introduced by the Secretary of State to meet its broader policy objectives. For example, the Department's Condition Improvement Fund for capital projects, and the Salix scheme that supports energy saving.

### Documentation:

- ESFA Academies Financial Handbook
- ESFA Accounts Direction

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| <b>Policy Title</b> | Income Generation (TPO/FIN/18)                      |
| <b>Objectives</b>   | To maximise the resources available to our students |

The fees for any chargeable services are set at full cost with an additional rate of return added when commercially possible.

### Documentation:

- ESFA Academies Financial Handbook
- ESFA Accounts Direction

|                     |  |
|---------------------|--|
| <b>Policy Title</b> | Trading with Connected Bodies (TPO/FIN/19)   |
| <b>Objectives</b>   | To ensure that the Trust pays no more than ‘cost’ for goods and services procured from connected bodies. |

The Trust pays no more than ‘cost’ for goods or services provided to it by the following persons (‘services’ do not include contracts of employment):

- members or Trustees of the Academy Trust
- individuals or organisations related to a member or Trustee of the Academy Trust.

For these purposes the following persons are related to a member, or Trustee:

- a relative of the member or Trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
- an individual or organisation carrying on business in partnership with the member, Trustee or a relative of the member or Trustee.
- a company in which a member or the relative of a member (taken separately or together), and/or a Trustee or the relative of a Trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company.
- an organisation controlled by a member or the relative of a member (acting separately or together), and/or a Trustee or the relative of a Trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual’s or organisation’s wishes
- any individual or organisation given the right under the Trust’s articles of association to appoint a member or Trustee of the Academy Trust; or anybody connected to such individual or organisation.
- any individual or organisation recognised by the Secretary of State as a sponsor of the Academy Trust; or anybody connected to such individual or organisation.

A body is connected to another individual or organisation if it is controlled by the individual or organisation, or controls the organisation, or is under common control with the individual or organisation.

For these purposes, control means:

- holding more than 20% of the share capital (or equivalent interest), or
- having the equivalent right to control management decisions of the body, or
- having the right to appoint or remove a majority of the board or governing body.

The ‘at cost’ requirement does not apply to the Trust’s employees.

While these provisions do not apply to contracts of employment, the principles of value for money and using public money properly, including managing conflicts of interest, still apply. Salaries should be appropriate to the individual’s skills and experience and to wider market rates. If staff of an individual or organisation are based in, or work from the premises of, the Academy Trust, that individual/ organisation and the Trust must agree an appropriate sum to be paid to the Trust for use/occupation of the premises, save to the extent that they are carrying out work for the Trust.

The ‘at cost’ requirement applies to contracts with a related party agreed on or after 7 November 2013.

The ‘at cost’ requirement applies to contracts with a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the Trust’s cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

In relation to organisations supplying legal advice or audit services to the Trust, the 'at cost' requirement applies where the organisation's partner managing the service is a member or Trustee of the Trust but not in other cases for those organisations. The published ethical standards for auditors prevent partners or employees of the audit firm from acting as a Trustee of their client Trust, but not of other Trusts.

The Trust ensures that any agreement with an individual or organisation as above to supply goods or services to the Trust is properly procured through an open and fair process and is:

- supported by a statement of assurance from that individual or organisation to the Trust confirming their charges do not exceed the cost of the goods or services, and
- on the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply

The cost will be the 'full cost' of all the resources used in supplying the goods or services and must not include any profit.

Full cost includes:

- all direct costs (costs of materials and labour used directly in producing the goods or services)
- indirect costs (a proportionate share of fixed and variable overheads)

### Documentation:

- ESFA Academies Financial Handbook
- ESFA Accounts Direction

|                     |   |
|---------------------|---|
| <b>Policy Title</b> | Student Sales Ledger (TPO/FIN/20)   |
| <b>Objectives</b>   | To ensure that all appropriate transactions are correctly recorded in the student sales ledger. |

The individual schools charge students’ parents/guardians for a range of optional items and the replacement of any loss or damaged items. The Trust only accepts payment via the student payment system (WisePay/ParentPay) for these. Payments are processed by the Transactional Technician.

**Controls:**

- Payments made are reconciled at the end of the month through the bank reconciliation by the Transactional Technician
- At the end of the month a review of the aged debtor report is carried out by the Transactional Technician and are reported to the Chief Finance Officer
- All credit balances are investigated by the Transactional Technician and are reported to the Chief Finance Officer
- The report from the cashless system is reconciled to the amount of cash received.
- Student accounts on Wise pay/ParentPay with activities (for example trips) are reviewed monthly by School staff and outstanding debt chased by the School Business Manager/Operations Lead
- These balances are reported to the Finance Business Partner
- Any variances discovered on the reconciliations will be investigated and where possible will be cleared by the end of the following month.

**Documentation:**

- Sales Charges and Correspondence File
- Student Sales Statement (online reports on WisePay/ParentPay)
- Student Sales Ledger Reports File
- Credit Control Procedure (TPO/FIN/21)
- Bank Procedure (TPO/FIN/15)

|                     |   |
|---------------------|---|
| <b>Policy Title</b> | Sales Ledger (TPO/FIN/21)   |
| <b>Objectives</b>   | To ensure that all appropriate transactions are correctly recorded in the sales ledger. |

The individual schools charge external bodies for a range of services. The person supplying the service provides the school with details of the service being provided and the amount that needs to be charged to the customer. Once the service has been provided the service provider signs the original documentation to confirm that the service has been provided and that the invoice is due to be raised. The school complete the customer invoice request log and forwards a link to finance to notify them that an invoice is required to be raised.

Invoices are entered onto the sales ledger in a timely manner and are recorded in the sales invoice register, this also records any action taken to chase any unpaid invoices and confirms when they have been paid. Payment by cash, cheques, bank transfer or debit/credit card is made to the Finance Office.

Cash and cheque payments received are entered in the collection book. The money is counted daily and reconciled to the collection book. Income entered into the collection book is transferred to the sales ledger daily. Income received online or via bank transfer is added to the sales ledger daily.

Payment is requested within 30 days of the invoice date.

Should the school need to raise a credit note against an invoice this should be requested and authorised by the original person supplying the service. Full details as to why the credit note is needed should be provided and kept on file. Finance Assistants raise the sales credit on the system, this must then be authorised by the Finance Business Partner. This documentation should be kept in the file with the paperwork for the original invoice. It should also be logged in the sales invoice register.

### Controls:

- Payments made are reconciled at the end of the month through the bank reconciliation by the Transactional Technician
- A reconciliation of the Sales Ledger control account with the list of individual debtor balance is undertaken monthly by the Finance Business Partner and are reported to the Chief Finance Officer
- At the end of the month a review of the aged debtor report is carried out by the Transactional Technician and are reported to the Chief Finance Officer
- All credit balances are investigated by the Finance Assistants r and are reported to the Chief Finance Officer
- Any variances discovered on the reconciliations will be investigated and where possible will be cleared by the end of the following month.

### Documentation:

- Sales Charges and Correspondence File
- Collection Book
- Sales Ledger Reports File
- Credit Control Procedure (TPO/FIN/21)
- Bank Procedure (TPO/FIN/15)

|                     |   |
|---------------------|---|
| <b>Policy Title</b> | Credit Control (TPO/FIN/22)                           |
| <b>Objectives</b>   | To ensure that all amounts outstanding are collected. |

Any accounts overdue 30 days after the invoice date will receive a statement with account overdue stamped on it. If payment is still not received 14 days after this overdue statement has been sent reminder letters are sent. If payment is still not received 14 days after this letter has been sent further letters and telephone calls are made chasing payment. Each outstanding account is monitored through IRIS Financials and logged in the sales invoice register. If this is unsuccessful, after 14 days, the debtor will receive a letter informing them that legal action will be taken. This is followed, 14 days later, with County Court Action. All action taken is recorded on the IRIS Financials system and the sales invoice register to ensure the continuity of debt chasing.

**Documentation:**

- Credit Control File
- County Court File

|                     |  |
|---------------------|--|
| <b>Policy Title</b> | Charges to Families (TPO/FIN/23)   |
| <b>Objectives</b>   | To ensure a good range of visits and activities is on offer whilst trying to minimise the financial barriers which may prevent some students taking full advantage of the opportunities. |

The Trust believes that all students should have an equal opportunity to benefit from Academy activities and visits (curricular and extra-curricular) independent of their parents’ financial means. The Trust aims to ensure a good range of visits and activities is on offer whilst trying to minimise the financial barriers which may prevent some students taking full advantage of the opportunities.

The principal decides when it is necessary to charge for optional activities. The levels of charge will be set annually on the recommendation of the Chief Finance Officer.

The activities where no compulsory charge will be made:

- National Curriculum education provided during school hours (including the supply of any materials, books, instruments or other equipment).
- Education provided outside school hours (including on a trip) if it is part of the National 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 students learning to play musical instruments or singing if the tuition is compulsory as part of the curriculum or syllabus for a prescribed public examination.
- Supply teachers to cover for those teachers who are absent from school accompanying students on a residential visit.
- Transport during school hours to school-organised activities.
- Entry for a prescribed public exam, if the pupil has been prepared for the examination at the school.

The activities for which a charge may be made:

- Music or vocal tuition that has been requested by the student’s parent. Charges made for music tuition within school hours may be remitted for students in receipt of pupil premium. There is no charge for vocal or instrumental tuition for children in care. This includes instruments, music books and exam fees.
- Non-residential activities where the majority of the time spent on that activity takes place outside Academy hours, (time spent on travel counts in this calculation if the travel itself occurs during school hours).
- Residential activities’ costs e.g. board and lodging. Parents who can prove they are in receipt of certain benefits may be exempt from paying this cost. This includes travel when the residential activity takes place outside of Academy hours. The amount charged will be calculated to cover the unit cost per pupil.
- Wilful damage to school property/equipment by a pupil or parent.
- The cost to the school of cheques returned ‘uncleared’ from the bank.
- School photographs of their child, (if parents wish to purchase them).
- Breakfast Club/After School clubs; where these facilities are available there will be a charge for these services.
- Books and materials that the parent wishes the child to keep (the cost will be made clear to the parents before charge).

Activities for which a voluntary contribution may be made.

- Theatre Company Visits to the Academy
- Swimming instruction and travelling expenses to the pool
- Early morning sports clubs where a fee is payable to a Sports Coach company running the group.
- Cost of day trips
- Cycling proficiency
- Travel and/or other expenses associated with an event or trip outside Academy hours.

- Parents will be asked about their willingness to pay a voluntary contribution towards the costs of admission, travel or a visiting teacher/expert. This charge will be determined by the number of students in the year group and the total cost divided equally between each child.

The schools have the right to cancel an activity or visit out of school if insufficient voluntary contributions are made.

### Additional Considerations

- 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 the schools will try, where possible, to:
  - Publish a list of visits (and their approximate cost) as soon as possible so that parents can plan ahead.
  - Establish a system for parents to pay in instalments; and
  - Avoid offering opportunities on a “first pay, first served” basis as this may discriminate against students from families on lower incomes.

### Refunds

If the school has over charged or there are any amendments to the cost of a trip/event, the school will reimburse parents if the sum is greater than £5.00 per pupil.

### Documentation:

- Charging and Remissions Policy

|                     |   |
|---------------------|---|
| <b>Policy Title</b> | Financial Assistance for Parents (TPO/FIN/24)                                 |
| <b>Objectives</b>   | To ensure that those families eligible to receive financial assistance do so. |

In order to remove financial barriers from disadvantaged students, some activities and visits where charges can legally be made will be offered at a reduced charge to parents in particular circumstances. Families who need assistance with charges will first speak to the School Business Manager/Operations Lead. Any discussions or decisions made will be confidential. Eligible parents are encouraged to apply through the Local Authority for financial assistance (free school meals) from the school. The Local Authority notifies the school of those students eligible for financial assistance (free school meals).

The criteria for qualification for remission are where parents are in receipt of:

- Income Support
- Income-based Jobseekers Allowance
- Support under part VI of the Immigration and Asylum Act 1999
- Child Tax Credit
- The guaranteed element of State Pension Credit

For families not eligible for assistance because of the benefits they receive the principal can nominate them for discretionary assistance.

### Documentation:

- Charging and Remissions Policy

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|---------------------|--|
| <b>Policy Title</b> | Purchasing (TPO/FIN/25)  |
| <b>Objectives</b>   | To ensure only authorised goods and services are purchased and paid for by the school. |

### Purchase Order Processing

A member of staff, when wishing to purchase any items of equipment, commences by either processing a requisition on IRIS Financial System or by completing a Purchase Order Form and passing it to an IRIS Financials systems user. They complete the order form entering approved supplier details, item references and cost. Once the order is input into the IRIS Financial System in the form of a requisition, the budget holder will approve or reject. Any orders that are rejected will state a reason. If there are insufficient funds remaining in the devolved budget then a meeting would be held between the Finance Business Partner, Principal and the budget holder.

The Finance Business Partner ensures that the budget holder has sufficient funds remaining in their budget to make the purchase and also that the correct procurement process, as detailed in the procurement policy on the Trust website, is being followed. If there are no problems with the order it will be processed through the electronic purchase order system where it needs to be authorised in line with the financial scheme of delegation.

A copy of the order is made to be matched with the delivery note and invoice. The original order may be sent to the supplier, or an order may be placed by email.

### Goods Received Notes

When goods are delivered to the school, the receptionist, the buildings manager or catering manager will check and sign for them. The goods are checked to find the correct area for delivery. Once delivered to the correct area the budget holder should check to ensure that the goods delivered are in line with the purchase order, sign the goods received note to confirm this and either process a Goods Received Note on the IRIS Financials system or forward to an IRIS Financial systems user for processing.

### Purchase Order Invoices

When a purchase order invoice is received it is matched with the appropriate order to check to ensure that the value is in line with the order value and the goods received note. If the two do not match the matter is discussed with the budget holder.

All invoices are filed electronically.

### Non-Purchase Order Invoices

Invoices that are supplied to the school without a purchase order having been raised, such as electricity and gas, are forwarded to the relevant budget holder to check the goods or service have been received and that the value is correct. They should sign the invoice to confirm that the invoice belongs to the school, is for the correct amount and can be processed for payment. This can be action in an alternative format as we move away from paper copies.

The non-purchase order invoices are entered onto the IRIS financial system where they are authorised in line with the financial scheme of delegation before they can be paid.

### Credit Notes

When a credit note is received it is matched with the appropriate order, goods received note, invoice and entered on the IRIS financial system. The paper copy is signed as authorised by the person who originated the order.

### Payment of Accounts

Supplier accounts are paid in accordance with the terms and conditions provided by each supplier. The Finance Assistants reconciles the purchase ledger accounts to supplier statements of account, where these have been received. A 'payment list' is produced from the purchase ledger detailing the invoices due for payment. The Finance Assistant produces a BACs payroll which is uploaded to the bank for payment. As per the scheme of financial delegation, bank payments/BACs paylists are authorised by any two of the Trust signatories. The Finance Assistants produces remittance advices which are either emailed or posted to suppliers confirming the invoices paid.

### Controls:

- A reconciliation of the Purchase Ledger control account with the list of individual creditor's balances is carried out monthly by the Transactional Technician and is reported to the Chief Finance Officer.
- Purchase Ledger balances are reconciled with supplier statements and any discrepancy investigated by the Finance Assistants and reported to the Chief Finance Officer
- All debit balances are investigated by the Finance Assistants and are reported to the Chief Finance Officer
- Cheques are required to be signed by two authorised signatories. These are the CEO, Chief Finance Officer, and Chief Operations and Resources Officer.
- BACs payments require authorisation by one of the CEO, Chief Finance Officer, and Chief Operations and Resources Officer.
- Any variances discovered on the reconciliations will be investigated and where possible will be cleared by the end of the following month.

### Documentation:

- Purchase Order & Invoice Files
- Supplier Statements
- Delivery Notes
- Purchase Order File
- Purchase Invoice Files
- Departmental Budgets Purchase Order
- Remittance Advice
- Cheque Book
- Delivery Note
- Copy of BACs upload file
- Bank procedure (TPO/FIN/15)

|                     |  |
|---------------------|--|
| <b>Policy Title</b> | New Suppliers and Supplier Amendments (TPO/FIN/26)                                   |
| <b>Objectives</b>   | To protect the Trust from payments being made to unauthorised suppliers or accounts. |

### New Suppliers

If a school would like to use a new supplier, they need to follow the Trust Procurement Procedure. Once the supplier has been approved, they need to complete the new supplier form and request a copy of the companies' company and bank details on headed paper. Both items are to be forwarded to finance who is responsible for setting up new suppliers on the IRIS Financials system. Independent checks will be made with the supplier to ensure that the correct details are entered.

### Supplier Amendments

If supplier details need amending the school should complete the supplier amendment form and forward to finance who is responsible for amending supplier details on the IRIS Financials system. Independent checks will be made with the supplier to ensure that the details for amendment are correct before they are changed.

### Independent checks Undertaken.

The independent checks undertaken include but are not limited to:

- Searching the website for the company on the internet
- Reviewing the information supplied by the company to that on their website.
- A phone call to the telephone number on the company website

Any information receive via email will always be checked with a phone call to the company using the number on the website or received in previous communications not linked to the email.

### Controls:

- An independent check with the supplier before a new supplier is added to the IRIS Financials system.
- An independent check with the supplier before any supplier details are amended on the IRIS Financials system.
- A supplier won't be created on IRIS Financials system until their bank details have been verbally verified.

### Documentation:

- New Supplier Details Form
- Supplier Amendment For
- Procurement Procedure (TPO/FIN/26)

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| <b>Policy Title</b> | Procurement (TPO/FIN/27)  |
| <b>Objectives</b>   | To ensure goods and services are purchased using the Trust agreed routes. |

The Trust is obliged to comply with (the Regulations):

- The Academies Financial Handbook,
- Funding agreements with the Department for Education (DfE),
- DfE Schools Buying guidance,
- Public Contracts Regulations 2015,
- The Utilities Contracts Regulations 2016
- The EU Public Procurement Directive 2014
- The Concession Contracts Regulations 2016

The aim is to achieve best value for money from all purchases at all times. Value for money includes all lifecycle costs of goods, services or works. Calculations to determine value for money should include all related costs including purchase, lease, hire and service. Additional considerations are quality and of goods or services and administration cost (including time) of procurement.

Procurement is different to purchasing. Purchasing is done on a day-to-day basis from a contract that is put in place following a procurement process. All purchases should be carried out with evidence of the procurement process.

A clear specification of requirements is required at the beginning of a project, this should include:

- Objective / Purpose
- Product Specification / Plans / Service Requirements / Warranty
- Quantity
- Budget

Requirements across all Academies in the Trust should be included. When similar goods and services are to be purchased at different Academies the values should be aggregated to determine the procurement route. Where possible a collaborative procurement should be carried out.

Specifications should not be brand specific. Final Specifications may need to be developed by a professional prior to going out to market.

Use of Frameworks is encouraged to minimise the procurement cost.

Bidders should be treated equally and fairly; they must be given the same information at the same time and no bidder should be treated more favourably than another. There must be clear and transparent timescales, requirements, specifications and deadlines to comply with any competition.

Contract approval must be carried out by Chief Operating & Resources Officer and Chief Financial Officer and Chief Executive Officer. Contracts should be stored in Central Repository and terms of contracts recorded on central database.

The Trust may divert from this procedure in exceptional circumstances where it is not possible to follow the above competitive procurement. In this instance a Procurement Policy Exception (PPE) will need to be completed, to justify the reasons to waive the rules laid out in this policy. The PPE form should be completed prior to the procurement, not retrospectively. The PPE form is not intended be used to circumvent Procurement Law. The PPE form should be signed off by the relevant delegated authority, the Chief Operating & Resources Officer and Chief Financial Officer and the Chief Executive Officer.

### Frameworks

Wherever possible, the Trust should avoid running its own procurement processes, and instead use an existing public sector framework arrangement. A list of some popular frameworks will be made available by Trust Central Team, this will include the following framework organisations:

- Crown Commercial Services (CCS)
- Eastern Shires Purchasing Organisation (ESPO)
- Central Purchasing Consortium (CPC)
- Northeastern Purchasing Organisation (NEPO)
- Yorkshire Purchasing Organisation (YPO)
- Kent County Services (KCS)
- Pagabo
- Scape

When accessing suppliers on existing frameworks it is important to check:

- The Brooke Weston Trust is entitled to use the framework.
- The framework has not expired.
- The user guide will explain the call off procedure, and whether it is possible to direct award or if a further competition should be carried out.
- Order is placed as laid out in the framework user guide.
- Where direct award is possible, ensure the supplier is appointed to the Framework Lot you want to place the order under, and all necessary framework procedures are carried out.
- The specification and the contract terms are suitable for your particular needs.
- The terms and conditions from frameworks are set in advance and cannot be changed.

### Procurement values

Splitting of purchase orders to avoid any threshold is not permissible.

In judging whether supplies/services should be aggregated, consideration should be given to whether other Academies in the Trust would also be making a similar purchase from the same or different suppliers.

Aggregated lifecycle values can be calculated by determining the estimated total value of all contracts/orders expected to be placed across all Academies in the Trust in the next financial year or during the term of the contract if that is longer. This should include all contracted purchase, lease, and service and supplies costs relating to the procurement project for the term of the contract.

Where a single work involves more than one contract the estimated value of all the contracts must be aggregated to decide whether the threshold is reached. Where the threshold is reached procurement for each of the work's contracts must follow upper threshold procurement process.

Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or appear to compromise their independence.

### Further Information:

- Procurement Policy

|                     |  |
|---------------------|--|
| <b>Policy Title</b> | Leasing (TPO/FIN/28)   |
| <b>Objectives</b>   | To ensure that the Trust only enters into leases as approved by the ESFA |

There are two types of leases:

- finance leases: a financial product, in which a leasing company gives operating control of an asset to a business for an agreed period.
- operating leases: a contract that allows for an asset's use but does not convey ownership rights of the asset.

The Trust will obtain the ESFA's prior approval for the following leasing transactions:

- taking up a finance lease on any asset for any duration from another party
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

For any other lease the Trust will follow the Trust Procurement Policy.

The Trust will ensure any lease maintains the principles of value for money, regularity and propriety when entering into any lease agreement and will seek advice from their professional adviser and/or external auditor if in doubt over whether a lease involves borrowing.

### Documentation:

- Procurement Procedure (TPO/FIN/26)
- Procurement Policy
- ESFA Academies Financial Handbook
- ESFA Accounts Direction

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|---------------------|---|
| <b>Policy Title</b> | Petty Cash Transactions (TPO/FIN/29)  |
| <b>Objectives</b>   | To ensure that all payments are properly authorised and completely and accurately recorded. |

Petty cash is available to be used to buy items which cannot be bought on account. It is also used to reimburse staff who have incurred expenditure which is so small that it is not efficient to complete the necessary forms for it to be included on the payroll system. Items costing more than £20 should not be paid out of petty cash unless there are exceptional circumstances and authority is given in advance by the Finance Business Partner.

Staff requiring petty cash must complete a voucher from the admin office and obtain authorisation from the School Business Manager/Operations Lead. Cash may be collected in advance or reimbursed upon production of a receipt. If cash is advanced a receipt and change must be returned to the office the same day. Anyone who does not produce a receipt will not be entitled to reimbursement, or if they were advanced cash, they will have to repay the full amount.

The lockable petty cash tin is kept in the safe or lockable cupboard. Each transaction within the tin is recorded and reconciled regularly via the petty cash log. As part of the month end nominal journals the petty cash transactions are entered onto the nominal ledger by the Transactional Technician. The balance is reconciled to the petty cash spreadsheet and tin. Float payments are reconciled as part of the bank reconciliation.

Maximum float - £250

### Controls:

- The Transactional Technician reviews the reconciliation between the petty cash record and tin.
- The Transactional Technician reconciles the petty cash spreadsheet to the nominal ledger.
- The petty cash reconciliation forms part of the bank reconciliation
- The level of float should be appropriate to expense levels.
- All expenses are appropriately authorised using the petty cash vouchers.
- All expenditure is supported by relevant receipts.
- The petty cash tin is kept locked in the designated place at all times.

### Documentation:

- Petty Cash Tin
- Petty Cash Vouchers
- Petty Cash Record
- Nominal Ledger and Transactions Procedure (TPO/FIN/13)
- Bank Procedure (TPO/FIN/15)
- Month End Procedure (TPO/FIN/12)
- Reconciliations Procedure (TPO/FIN/14)

|                     |   |
|---------------------|---|
| <b>Policy Title</b> | Credit Card (TPO/FIN/30)  |
| <b>Objectives</b>   | To ensure that the credit card is only used to purchase authorised goods and services |

The credit card is kept in the school safe at all times. The PIN Number remains with the cardholder and is not disclosed to any third party. The credit card has a spending limit agreed with the bank and the balance is settled in full by direct debit each month to ensure that there are no interest charges. Prior to use, a purchase order must be raised, and approval requested to the Finance Systems and Operations Manager. The School Business Professional/Operations Lead orders and pays for the goods or services once they have an authorised purchase order. A VAT receipt must be received for every transaction and forwarded to the Transactional Technician. At the end of each month the purchase orders and VAT receipts are reconciled to the credit card statement to ensure that all items on the statement have been authorised. A journal is then entered onto the accounts system. All deliveries must be made to the school address.

### Controls:

- An authorised purchase order must be raised.
- The credit card is kept in the school safe
- A VAT receipt must be obtained.
- The statement is reconciled to the orders and VAT receipts.

### Documentation:

- Credit Card Policy
- Credit Card Statement
- VAT Receipts
- Purchase Order Form
- Procurement and Purchasing (TPO/FIN/24)

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|---------------------|--|
| <b>Policy Title</b> | Finance Staff Qualifications and Experience (TPO/FIN/31) |
| <b>Objectives</b>   | To ensure that Finance Staff are Appropriately Qualified |

The Finance Staff in the Trust should have the following qualifications:

Chief Financial Officer– professional qualification (ACCA, CIMA, CIPFA, ICAEW)

Finance Business Partners – Part qualified (ACCA, CIMA, CIPFA, ICAEW)

Finance Assistants – English & Maths GCSE

|                     |  |
|---------------------|--|
| <b>Policy Title</b> | Payroll Transactions (TPO/FIN/32)  |
| <b>Objectives</b>   | To ensure that only genuine employees are paid for work done at the authorised rates of pay and that payroll deductions are correctly calculated with all payroll costs accurately recorded for all employees. |

The salaries and wages function for the Trust is outsourced to EPM. The School Business Manager, HR Officer or senior administrator advises EPM of any changes to personnel during the month through the payroll portal and enters these onto the contractual variances form. The payroll team process any payroll variances for the month. All authorised payroll variances need to be forwarded to the payroll team by 1<sup>st</sup> each month on the agreed payroll form. EPM then produce the payroll which is checked by the payroll team against the contractual changes and payroll variances. Any anomalies are checked with the person responsible for HR in the school and/or EPM. The Chief Financial Officer then authorises for payment.

All staff are paid monthly by BACS. EPM ensures that the correct rate of tax is deducted from all staff including the Senior Leadership Staff based on the tax code they are provided from the inland revenue.

Any new/ replacement posts need to be authorised on My New Term before they are advertised. They need to be approved by the Director of Education, the Chief Operating and Resources Officer, the Chief Finance Officer and the People Business Partner. This is to ensure that there are sufficient funds in the budget and that the post is required to assist teaching and learning.

Honorariums are payments for one-off pieces of work and should only be used in exceptional circumstances. These should be agreed in advance of the work being undertaken and need prior approval from the Director of Education the Chief Operating and Resources Officer, the Chief Finance Officer and the People Business Partner.

Additional payments can only be made with prior approval from the Director of Education the Chief Operating and Resources Officer, the Chief Finance Officer and the People Business Partner.

### Controls:

- The principal advises the person responsible for HR of any salary increases.
- The principal advises the person responsible for HR of changes in personnel.
- All payrolls are reviewed by the Chief Operating & Resources Officer or the Chief Financial Officer before authorisation.
- A 'reasonability review' of individual net pay is carried out.

### Documentation:

- Payslips
- Payroll analysis sheets
- Monthly payroll information file

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|---------------------|---|
| <b>Policy Title</b> | Travel Expenses (TPO/FIN/33)  |
| <b>Objectives</b>   | To ensure that only expenses incurred on behalf of the school are paid. |

Any employee of the Trust that incurs expenses for either travelling on authorised Trust business or purchasing goods on behalf of the Trust is entitled to claim for reimbursement of them.

Staff wishing to claim travel expenses should obtain a claim form from the person responsible for Human Resources within the school. The form should be completed and returned to the School Business Manager/Operations Lead/Chief Finance Officer/Chief Operations and Resources Officer for authorisation. These need to be forwarded to the payroll team by the 1<sup>st</sup> of each month where the expense claims for each member of staff are totalled at the beginning of each month and are then added to the monthly wages that are paid directly into individuals bank accounts. For mileage claims the number of miles that can be claimed is the excess of miles over the individuals normal travel mileage to their nominated workplace.

Staff wishing to claim other expenses must have a completed, authorised Purchase Order Form prior to purchasing the goods. They should then either download a claim form from the website or collect a form from the Payroll Team. The form should be completed and returned with the purchase order to the School Business Manager/Operations Lead/Chief Finance Officer/Chief Operations and Resources Officer for authorisation. Any valid authorised claims received by 1<sup>st</sup> of the month will then be added to the monthly wages at the end of the month.

If the School Business Manager/Operations Lead/Chief Finance Officer/Chief Operations and Resources Officer thinks that a claim is excessive or is not for Trust business, they will question the individual concerned. If a claim is found to be of such a nature it will not be paid.

Overnight stays and a meal allowance can be claimed for periods away from the normal workplace at the following rates:

- non- London £125 per night – this should include breakfast.
- London £175 per night – this should include breakfast.
- dinner of up to £35 – **no alcohol**.

If this proves difficult given inflation currently staff should consult with their Finance Business Partner in advance.

**Reimbursement for alcohol will not be made under any circumstance.**

### Controls:

- The School Business Manager/Operations Lead/Chief Finance Officer/Chief Operations and Resources Officer authorises all expense claims.
- The School Business Manager/Operations Lead/Chief Finance Officer/Chief Operations and Resources Officer checks each claim to ensure that it is not excessive and that it is for Trust business.

### Documentation:

- Travel Expense Claim Form
- Other Expenses Claim Form
- Purchase Order Form
- Payroll Transactions Procedure (APO/FIN/16)

|                     |   |
|---------------------|---|
| <b>Policy Title</b> | Special Payments (TPO/FIN/34)                           |
| <b>Objectives</b>   | To ensure that public money is being used appropriately |

Certain transactions by public bodies may fall outside their usual planned range of activity and may exceed statutory and contractual obligations. HM Treasury calls these special payments.

These include:

- staff severance payments
- compensation payments
- ex gratia payments

### Special staff severance payments

Special staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. They are different to ex gratia payments.

If a school is considering a staff severance payment above statutory or contractual entitlements, it must discuss this with the Head of People. The following issues need to be considered before a binding commitment is made:

- that the proposed payment is in the Trust's interests
- whether the payment is justified, based on legal assessment of the Trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the Trust is likely to be successful, a settlement should not be offered.
- if the settlement is justified, the Trust would 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.

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to succeed in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

The Trust has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions). Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), the ESFA's prior approval will be obtained before making any binding offer to staff. The ESFA will refer such transactions to HM Treasury, so the Trusts will allow sufficient time for proposals to be considered.

The Trust will demonstrate value for money with a justified business case. The school will prepare the business case for approval by Strategic Delivery Group before a binding offer is made.

### Use of confidentiality clauses

The Trust will ensure that confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest (whistleblowing) under the Public Interest Disclosure Act 1998.

### Compensation payments

Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. When deciding whether to make a compensation payment the Trust will base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money.

The Trust has delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. The ESFAs prior approval will be obtained for any non-statutory/non-contractual payment of £50,000. The ESFA will refer such transactions to HM Treasury.

The Trust will consider whether cases reveal concerns about the effectiveness of internal control systems and take steps to correct failings.

### **Ex gratia payments**

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. These include payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.

These transactions will always be referred to ESFA for prior approval. HM Treasury approval may also be needed.

### **Documentation:**

- ESFA Academies Financial Handbook
- ESFA Accounts Direction

|                     |                               |
|---------------------|-------------------------------|
| <b>Policy Title</b> | Fixed Assets (TPO/FIN/35)     |
| <b>Objectives</b>   | To protect the Trust's Assets |

### Purchase

The purchase of any fixed asset will be in line with the purchasing and procurement policies and procedures. A copy of the order and invoice will be kept in the fixed asset file alongside the procurement documentation.

### ESFA Approval

The Trust will obtain prior approval from the ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets, as defined in Financial Reporting Standards, beyond any limits in the funding agreement for the disposal of assets generally.

### Disposal

Any other fixed assets will be disposed of achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

### Documentation:

- Fixed Asset Policy
- ESFA Academies Financial Handbook
- ESFA Accounts Direction
- Purchasing (TPO/FIN/25)
- Procurement (TPO/FIN/26)

|                     |   |
|---------------------|---|
| <b>Policy Title</b> | Fraud, theft or irregularity (TPO/FIN/36) |
| <b>Objectives</b>   | To protect the Trust's Assets             |

The Trust is aware of risk of fraud, theft and irregularity and has proportionate controls in place to monitor this.

If fraud, theft or irregularity is suspected or identified then the Chief Operating & Resources Officer or the Chief Financial Officer should be notified immediately so that appropriate action can be taken.

The following information is required:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken to prevent recurrence.

The following action will be taken where appropriate:

- referral to the police
- RPA or other insurance claim

The ESFA, will be notified as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud, regardless of value, will also be reported.

The ESFA may conduct or commission investigations into actual or potential fraud, theft or irregularity either because of a notification from the Trust itself or from other information received. The ESFA may involve other authorities, including the police.

The ESFA will publish reports about its investigations and about financial management and governance reviews.

### Documentation:

- ESFA Academies Financial Handbook
- ESFA Accounts Direction
- Whistleblowing
- RPA Policy

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|---------------------|---|
| <b>Policy Title</b> | Discretionary Spend (TPO/FIN/37)          |
| <b>Objectives</b>   | To ensure appropriate use of public funds |

Senior Trust staff may spend non-public funds on non-mandatory items for events/occasions, within the agreed guidelines as set by the Trust. Any expenditure not directly linked to teaching and learning is classified as non-mandatory.

Any non-mandatory spend will be funded through the school’s individual trading income. Public money will not be used to subsidise this.

**Alcohol** is not permitted for purchase under any circumstances.

The Finance and Resources Committee and Board of Directors review the spend limits for such items annually.

Non-mandatory spend is overseen by the Chief Finance Officer and monitored by the School Business Manager/ Operations Lead and Principals within each of the individual schools.

Authorisation is sought via the normal Purchase Order Form route from the Finance Business Partner, School Business Manager/Operations Lead, Principal and Chief Finance Officer. Evidence (in the form of receipts) are provided for the records.

**Documentation:**

- Discretionary spend policy.