



The Enquire Learning Trust

Finance Policy

December 2017

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1.0 Introduction

1.1 The purpose of this manual is to ensure that the Enquire Learning Trust (the Trust) maintains and develops systems of financial control which conform to the requirements both of propriety, efficiency and regularity and of good financial management. It is essential that these systems operate in accordance with the requirements of our Funding Agreement with the Department for Education (DfE)/Education Funding Agency (EFA) and of that outlined in the Academy Financial Handbook. The policy – in conjunction with the Scheme of Delegation - acts as a financial framework for our academies to work within. We acknowledge that operational practices will differ within our academy structure, but processes must be set with the parameters set out below.

1.2 The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE/EFA. This policy expands on that and provides detailed information on the academy's accounting procedures and systems.

1.3 This policy builds on the financial principles and requirements established and adopted in previous Finance Policies and reflects the organisational changes that have occurred over the last 12 months and includes key amendments outlined in the Academies Financial Handbook.

2.0 Organisation

2.1 The Trust has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for all staff. The financial reporting structure is illustrated below:

The Trust

2.2 The Trust has overall responsibility for the administration of central and academy finances. The main responsibilities of the Trust are prescribed in the Funding Agreement and Academy Financial Handbook, they include:

- Ensuring that grant from the EFA is used only for the purposes intended
- Approval of the Annual Budget, including that of Trust Academies
- Regular monitoring of income and expenditure across the Trust
- Completion and submission of statutory returns, including the Annual Return
- Appointment of the Chief Finance Officer (CFO)
- Appointment of the Responsible Officer (RO) and external Auditor
- Approve the recruitment/appointment of Trustees
- Appointment of Academy Principal and leaders in line with the Scheme of Delegation

Board of Trustees

2.3 The financial matters and responsibilities of the Trust are dealt with by the Board of Trustees (BoT). The BoT meets at least once a term but more frequent meetings can be arranged if necessary.

2.4 The main financial responsibilities of the BoT are detailed in written terms of reference. In essence, the BoT will act as the Finance Committee and consider/approve all financial and budgetary

matters not delegated either to individual academies or to the Audit Committee.

This includes:

- Approval of the annual budget for the Trust and of any periodic review/adjustment to the approved budget
- Approval of all finance policies
- Approval of the Scheme of Delegation – if it is deemed that an academy presents a financial risk to the Trust, the delegated powers can be revoked and discharged centrally
- Approval of procedures for competitive tendering decisions on expenditure items above £50,000
- Acceptance of tenders for goods, services or works above the value of £50,000
- Acceptance of single contracts or payments between £20,000 and £49,999
- Approval of arrangements to secure compliance with financial regulations
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies via the Academies Accounts Direction
- Acceptance of any staff severance payments – if the timing of a payment does not fall in line with a scheduled trustee meeting these can be approved by the Chair and the CEO.

The Audit Committee

2.5 The Audit Committee sits independently of the Board of Trustees; its main responsibilities are detailed in written terms of reference which have been authorised by the Trustees.

The main responsibilities include:

- The authority to investigate any activity that it deems relevant to its inquiries and to seek any information from staff that it requires
- To work with the RO and/or the appointed Auditor and ensure they are accorded full co-operation and receive appropriate reports and documentation for their consideration
- To seek to promote a climate of financial discipline and control to help ensure the highest standards of probity and efficiency are maintained at all times
- To receive Audit findings in relation to regular/routine audits, the Annual Report and Statutory returns
- Review the reports of the RO and/or appointed Auditor on the effectiveness of the financial procedures and controls and make representations to the Trustees

The Academy Principal

2.6 Within the framework of the Academy Development Plan as approved by the Trustees, the Principal has overall responsibility for their Academies' activities, including financial matters. Much of the overall financial responsibility has been delegated to the CFO of the Trust but the Principal still retains responsibility for:

- Notifying the CFO/HR officer of all new staff appointments within their respective establishment prior to the commencement of the recruitment process.
- Authorising contracts between £1,000 and £9,999 and informing the Trust of any contracts entered into
- Approving payments in line with the Academy bank mandate
- Following statutory and financial compliance

The Accounting Officer (AO)

2.7 The Funding Agreement requires that the Trust will identify the Accounting Officer – the Chief Executive of the Trust undertakes this role. This post confers responsibility for financial and administrative matters across the whole of the Trust. This is a vital role, as the Accounting Officer is personally responsible for ensuring:

- Regularity and propriety
- Prudent and economical administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources and
- The effective day to day organisation, staffing and management across the Trust

2.8 Included in the responsibilities of the Accounting Officer is a duty to take appropriate action if the Trustees or Governors are contemplating a course of action which he or she considers would infringe the requirements of propriety or regularity (including the provisions of the Funding Agreement, the Trust Development Plan, or other documents setting out the DfE/EFA financial duties/requirements), or would not represent prudent or economical administration, or the efficient or effective discharge of the Trust's functions.

2.9 In such circumstances, the Accounting Officer would be required to put his or her objections in writing to the Trustees and to advise them of the requirement to inform the DfE Accounting Officer (the Permanent Secretary) and the appointed external auditors, as well as the Controller and Auditor General.

2.10 Such notification should occur without undue delay, and the DfE Accounting Officer will need to consider whether to intervene in such cases.

Chief Finance Officer

2.11 Responsible to the CEO, COO and Trustees, the CFO works in close collaboration with the Accounting Officer and Academy Principals. The main responsibilities of the CFO are outlined in the approved Job Description and include:

- To contribute to the development and realisation of the Trust's objectives and strategic targets identified in the Business Plan
- To be responsible for all the Trust's finances and financial arrangements, including revenue and capital budget setting (in conjunction with the COO), monitoring and reporting
- To lead on the development of the Multi-Academy Trust's financial and business operations
- To develop, prepare and implement relevant financial policies and procedures across the Trust
- To plan and effectively manage cash flow across the Trust's operations
- To regularly review financial and accounting systems, procedures and working practices to ensure compliance with financial regulations and audit requirements

The Responsible Officer

2.12 Responsible to the COO, the Responsible Officer (RO) provides the Trust with an independent oversight of the Academy's financial affairs. The main duties of the RO are to provide the Trust with independent assurance that:

- Delegated financial responsibilities are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained
- Financial considerations are fully taken into account in reaching decisions

2.13 The RO will undertake a quarterly program of reviews to ensure that financial transactions have been properly processed and that controls are operating adequately. A report of the findings and associated actions from each visit will be presented to the Audit Committee for adoption. Detailed guidance on the transactions to be checked by the RO are outlined in the Academies Financial Handbook, appended to this policy.

Other Staff

2.14 Other members of staff, primarily the Academy Business Manager or Finance Officer, Finance Assistant's and responsible budget holders, will have some financial responsibility. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trusts' financial procedures and statute.

Register of Interests

2.15 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 Trustees, Directors, Governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies and/or individuals from whom the Trust and Academies' may purchase goods or services. The register is open to public inspection; a copy of the form is appended to this policy.

2.16 The register should include all business interests such as directorships, share holdings and/or other appointments of influence within a business or organisation which may have dealings with the Trust or individual Academy. 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 director or a member of staff by that person.

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

2.18 Any related party transactions arising in the year must be recorded on a monthly basis and submitted as part of the month end procedure.

2.19 The Academies Financial Handbook has been updated to provide further clarity on Governance:

- Trustees must understand their duties as Company Directors
- Trustees must provide details of its governance arrangements in their governance statement published with the Annual Accounts and on the Trust website

- The BoT should identify the skills they require and address any gaps through recruitment or training
- The Scheme of Delegation to be published on the Trust website
- The Chair of the BoT and the Accounting Officer must manage their relationship with connected parties to avoid both real and **perceived** conflicts of interest
- Academy Trusts (AT) must recognise that their relationships with some connected parties attract greater public scrutiny and require high standards of accountability and transparency
- ATs must capture relevant business and pecuniary interests of members, trustees, local governors, accounting officer and senior employees – trustees, accounting officer and members published on website – and consider whether other individuals should be included in the register (in support of transparency and accountability)
- Above the de-minimus threshold of £2.5K ATs must pay connected parties at no more than cost

3.0 Accounting System

3.1 All the financial transactions, both central and within the Academies, must be recorded on the computerised accounting system and in the agreed format.

3.2 The Trust has adopted the Sage 200 finance package for academies and has a standardised financial framework, processes and procedures that all academies must implement upon conversion.

Back-up Procedures

3.3 Back-up procedures are prescribed in the Trust ICT Policy.

3.4 The Business Continuity Plan will be enacted in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by the Trust of the major risks to which the Trust and Academies are exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

3.5 All transactions must be posted to the computerised accounting system and authorised in accordance with delegated levels of responsibility and authority.

3.6 Detailed information on the operation of the computerised accounting system can be found in the user manuals. Full user training is delivered on the system and Trust requirements via the Trust Finance Manager.

Transaction Reports and Reconciliations

3.7 The Academy Business Manager will be responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Bank reconciliation including agreeing to the trial balance
- Sales ledger control account
- Purchase ledger control account
- Payroll control account

- VAT control account
- Any other balance sheet reconciliations required.

3.8 Once reconciled, the Academy Business Manager will enact and process the monthly 'closedown' and produce the reports required in the month end procedures and submit to the CFO by the imposed deadline. The CFO will consolidate the accounts centrally and generate the following reports:

- Summary income and expenditure report.
- Balance sheet
- Other reports as detailed in the month end procedures.

3.9 Once the month end procedure is complete the Academy Business Manager and Principal must review the financial performance and position of the academy and sign the month end disclaimer to confirm the reports have been read and understood.

4.0 Financial Planning

4.1 The Academy in conjunction with the Trust will prepare both medium term and short term financial plans.

4.2 The medium term financial plan is prepared as part of the development planning process. The development plan indicates how educational and other objectives are to be achieved using the expected level of resources over a three year period.

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

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

Evaluation and Development Planning

4.5 The development plan outlines the future aims and objectives of the Academy and how they are to be achieved; that includes matching the objectives and targets to the resources expected to be available. They are the "big picture" within which more detailed plans may be integrated.

4.6 The form and content of the development plan will be inclusive and drawn from discussion and agreement across the Trust. Due regard will be given to the matters included within the guidance to academies and any annual guidance issued by the DfE.

4.7 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

4.8 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned. The responsible officer should monitor performance against the defined success criteria throughout the year and report progress on a regular basis.

Annual Budget

4.9 The CFO, in conjunction with the Academy Principal and Academy Business Manager, is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Trustees.

4.10 The approved budget must be submitted to the EFA by the last working day of July 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.

4.11 The annual budget will reflect the best estimate of the resources available to each Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

4.12 The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of EFA grant receivable
- Review of other income sources available to the Academies to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of the Academies cost base
- Identification of potential efficiency savings
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- A staffing structure that fulfills statutory requirements and supports academy improvement – the staffing costs must not exceed 80% of the total in year funding without the approval of the CFO. The CFO is currently working with academy leaders and HR to bring the percentage costs of staffing in academies in line with Trustee recommendations i.e. 80%

Balancing the Budget

4.13 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where savings can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

4.14 The Trustees may request that a percentage of academy surpluses are held centrally as a contingency measure in order to fund emergency or extraordinary items/costs, aid cash flow or used for collaborative initiatives and projects.

Finalising the Budget

4.15 Once the different options and scenarios have been considered, a draft budget should be

prepared by the Academy Business Manager in conjunction with the CFO and consolidated by the CFO for approval by Trustees. Once agreed, the budget should be communicated to appropriate staff members so that everyone is aware of the overall budgetary constraints.

4.16 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

4.17 The CFO/Trust Finance Manager will work with each individual Academy to formulate their annual budget requirements and complete the Budget Forecast Return to the EFA by the deadline.

Monitoring and Review

4.18 Monthly reports will be prepared by the Academy Business Manager. The reports will detail actual income and expenditure against budget both for budget holders (if applicable) and at a summary level for the Principal.

4.19 Any potential overspend against the budget must in the first instance be discussed with the Academy Principal and the Trust CFO. Payments should not be made against an overspent budget without the approval of the CFO.

4.20 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.

4.21 The CFO must be made aware of significant budget variances as part of the monthly reporting process. Virements will be actioned as appropriate.

4.22 All academies presenting a year end surplus exceeding 10% of funding will be asked to provide a robust spending plan outlining the use of these surplus funds – the plan must be aligned to reducing identified risks and supporting academy improvement. Plans will be ratified by Trustees. Surpluses in excess of 10% can be retained centrally if:

- An academy does not submit a spending plan
- The plan is not adequate – does not reduce risk or support school improvement
- The plan is not met
- There is a history of carrying excessive surplus funds

4.23 **Financial Performance** – Each academies financial performance is monitored centrally on an ongoing basis. At key stages in the year the data is analysed and assessed according to financial and budgetary risk.

Indicators include:

- In year and future outturn position – surplus/deficit
- Salary costs as a percentage of guaranteed funding – leadership structure, teaching staff, teaching assistants, other staff
- Benchmarking and comparative data – across the Trust, other MATs and national
- Pupil Teacher Ratios

- Projected numbers on roll
- External funding factors

If an academy is deemed to be at risk the COO, CFO and development lead will meet with the Principal and Business Manager to discuss the position and agree a timetabled recovery plan. This plan will be shared with Trustees. The plan will allow for budgetary improvements to be made over an initial 12 month period. The COO and CFO will assess progress over this period. If after 12 months there are no – or little – improvements made the academy will be issued with a letter of intent outlining financial expectations over the following 2 terms. If there are still no – or little – improvements or there is no confidence in the capacity to improve the Trust will consider the following actions:

- Withdraw delegated financial control and manage the finances centrally
- Withdraw delegated financial control and transfer the financial management to another academy
- Impose a Trust lead recovery plan

4.24 All academy financial statements and reports are prepared under the Accruals Basis of accounting which requires that income and expense over £1000 must be recognized in the accounting periods to which they relate rather than on cash basis.

5.0 Payroll

Staff Appointments

5.1 The Trust will annually approve a Staffing structure for each Academy – the total cost of staffing must not exceed 80% of the total in year funding. Changes can only be made to this establishment with the express approval of the Trust who must ensure that adequate budgetary provision exists for any establishment changes.

5.2 The Academy Principal must consult with the CFO/HR officer and academy development lead before the recruitment process for any staff member, regardless of whether these result in a change to the existing staff structure. Appointment of Deputy Headteachers and Assistant Headteachers must follow consultation with the CEO/Trustees. The Principal/Academy Business Manager must ensure personnel files are maintained for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Principal.

Payroll Administration

5.3 The Trust manages all payroll operations centrally and provides a comprehensive payroll service to all Trust academies. All academies will provide the Trust Payroll Manager with payroll information in the prescribed format by the deadline imposed, in accordance with adopted procedures.

5.4 All summary transactions must be posted to the computerised accounting system on a monthly basis and reconciled to the payroll schedule and bank account as detailed in the finance procedures.

5.5 All staff are paid on the 15th of each month.

5.6 The Business Manager in each Academy is responsible for the administrative requirements of the payroll function.

5.7 The Academy Business Manager will complete a monthly salary payment schedule/report for monitoring purposes.

Payments

5.8 All salary related payments are processed via BACS – only when the payroll has been checked and authorised by the Academy. The BACS net pay file is uploaded to Barclays centrally and authorised for payment via the academy bank account.

5.9 The Academy Business Manager will reconcile the payroll files and schedules to the bank account.

5.10 All payments are calculated via the payroll software, IRIS, with voluntary and statutory deductions made in compliance with current legislation. This includes Tax, NI, pension contributions, SMP, SPP, SSP, attachment of earnings, student loans.

5.11 The Academy Business Manager will post reconciled monthly payment transaction details to the computerised accounting system and reconcile to the budget.

6.0 Purchasing

6.1 The Trust will endeavor to achieve Best Value from all purchases. This means that the procurement of goods and services is of the correct quality and quantity, timely and at the best possible price.

6.2 The vast majority of Trust purchases will be paid for using public funds so the following principles must be applied to all our procurement processes:

- **Probity** - it must be demonstrable that there is no corruption or private gain involved in any contractual relationships. Any transactions for goods and services involving connected parties – this includes governors and academy based staff – must be discussed with the CFO prior to engagement. A formal procurement process, as outlined below, must be adopted to ensure transparency and probity regardless of value.
- **Accountability** - as the Trust is publicly accountable for its expenditure and the conduct of its affairs, all processes and relationships must be transparent
- **Fairness** - that all Trust dealings/transactions are carried out on a fair and equitable basis.

6.3 All ICT procurement is to be carried out by the Trust Strategic ICT officer.

Routine Purchasing

6.4 As a general principle, all purchases are as required and are for bone-fide purposes and value for money is obtained in respect of all goods and services.

6.5 All Trust Academies will adopt a financial procedures manual in a format agreed by Business Managers across the Trust, which is relevant to the individual Academy but recognises the requirements outlined in this overarching Finance Policy.

6.6 A quotation or price must always be obtained before any order is placed. The business manager must ensure that adequate funds are available from a suitable and approved budget.

6.7 All orders must be made in writing using an official approved purchase order raised on SAGE 200. Purchase requisition forms will be available from the Academy Business Manager.

6.8 The Academy Business Manager must make appropriate arrangements for the delivery of goods. On receipt a detailed check of the goods received against the goods received note (GRN) must be undertaken and a record made of any discrepancies between the goods delivered and the GRN. Goods received should be recorded on SAGE 200. Discrepancies should be discussed with the supplier without delay.

6.9 A record must be made of any goods rejected or returned to the supplier because they are not as ordered or are of sub-standard quality.

6.10 All invoices, unless there is a discrepancy, should be dealt with and processed in a timely manner and paid in line with the terms specified. Invoices are to be attached to the purchase order and the GRN and checked for the following –

- Invoice arithmetically correct
- Goods/services received
- Goods/services as ordered
- Prices correct
- VAT treated correctly

6.11 The invoice will be posted to the computerised accounting system against the official order raised.

6.12 The invoice will be authorised by two official nominated signatories and passed for payment via BACS.

6.13 Copy invoices are not to be paid unless exhaustive checks have been performed to confirm that payment has not previously been made. References back to the original order are to be made in every case. Confirmation that such checks have been made is to be by endorsing the invoice “copy invoice not previously passed for payment” and signing. Under no circumstances are payments to be paid against supplier statements.

6.14 All financial records will be kept by the Academy Business Manager in an orderly manner for a minimum of six years.

Limits

6.15 The Academy Business Manager will refer to the CFO via email any single orders/payments in excess of £10,000. A business case will be made if the order/payment is not included in the agreed academy development plan.

6.16 At least three written quotations should be obtained for all orders between £2,500 and £49,999 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the Business Manager for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

6.17 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Competitive tendering can be considered below this figure, in the interests of best value. Purchases over this figure may fall under EU procurement rules. Guidance on the OJEU threshold can be found at www.ojec.com/thresholds.aspx

Forms of Tenders

6.18 There are three forms of tender procedure: open, restricted and negotiated:

- **Open Tender:** This is where all potential suppliers are invited to tender. The Principal and CFO must discuss how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender and will apply in the following circumstances:
 1. When there is a need to maintain a balance between the contract value and administrative costs
 2. When a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the requirements
 3. When the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers in the following circumstances:
 1. When the above has resulted in either no or unacceptable tenders
 2. When only one or very few suppliers are available
 3. When extreme urgency exists
 4. When additional goods/services by the existing supplier are justified

Preparation for Tender

6.19 Full consideration should be given to:

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

- Form of contract.

6.20 It may be useful after all considerations have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfillment of these requirements to help reach an overall decision.

Invitation to Tender

6.21 If a restricted tender is to be used then an invitation to tender must be issued and should include:

- Introduction/background to the project
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of tender
- Form of response

Aspects to Consider

Financial

- Comparing price and cost is essential but careful consideration has to be given to the impact on quality and service delivery. The lowest price is often not the best longer term solution
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to undertake a further assessment of a preferred supplier before issuing the contract.

Tender Acceptance

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

Tender Opening

6.23 All tenders submitted should be opened at the same time and the tender details recorded. Two

persons should be present for the opening of tenders from the following: Academy Principal, CFO, member of finance committee and/or Trustee.

6.24 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tender Evaluation

6.25 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

6.26 Those involved in deciding must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

6.27 Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance Committee/BoT highlighting the relevant issues and the basis for the recommendation.

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

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

Purchase Cards or Charge Cards

6.30 Purchase Cards or Charge Cards are not considered to infringe the borrowing restrictions imposed on academies, providing any balance is cleared in full at the end of each month.

6.31 The charge cards must be used to assist with best value during procurement. Card holders must be restricted to the academy business manager and the academy principal.

6.32 The Academy Business Manager will administer and monitor the usage of cards and ensure that strict control measures are in place and maintained at all times.

6.33 A direct debit will be set up between the bank and charge card provider to clear the monthly balance in full.

6.34 All purchases made using a card must be authorised in the same way as any other purchase.

6.35 Purchase receipts will be returned from card users to the Academy Business Manager as soon as is practically possible, who will reconcile receipts to the statement on a monthly basis and subsequently against the bank direct debit charge. Charge card receipts must be posted to the finance system in a timely manner.

6.36 When not officially issued to staff members all cards will be kept in the school safe. A signing in and out book must be used to monitor when the charge card is taken from and returned to the safe.

Internet Purchasing Procedures

6.37 Internet Purchases are only to be made if there is a benefit to the school:

- Cheaper Price/Discount
- Better delivery time
- Product is unique to particular supplier

6.38 All internet purchases should be made by the Academy Business Manager, upon receipt of a completed purchase order. Each internet purchase must be accompanied by printed confirmation detailing products purchased the date and total cost to the school.

6.39 Requests should be made to the Academy Business Manager from the budget holder in the normal manner. An official order should be raised and authorised appropriately. It is the responsibility of the budget holder/ordering officer to ensure the internet is the most appropriate means for procurement. Where possible the official order number should be quoted on the internet order as a cross reference. The internet order must be raised in the name of the school and not to an individual.

6.40 The charge card details must not be saved on any online site used by the academy.

7.0 Income

7.1 The main sources of income for the Trust and associated academies is via grants issued by the EFA, the receipt of which is monitored directly by the CFO who is responsible for ensuring that all grants due to the Trust are collected.

7.2 The academy start up grant will sometimes be paid directly to the academy by the EFA. This grant must be transferred in full to the Trust in order to resource the costs associated with conversion.

7.3 The academy EFA grant or GAG will be received by the Trust at the beginning of the month in line with the funding profile. The CFO will transfer 95.5% of the funding to the academy; the Trust will retain 4.5% as agreed for central support costs. The Trustees will review the percentage of retention on an annual basis and can resolve to move the figure up or down depending on the current and/or projected circumstances of the Trust or academy.

7.4 Other forms of delegated funding will be received by the Trust and/or academy in line with EFA guidance. This will mainly include:

- Top Up Funding – via LA
- Devolved Formula Capital
- Pupil Premium
- Early Years Funding – via LA

7.5 The academy will also secure income from other sources for various purposes and received and disbursed in accordance with the systems and processes outlined in the relevant academy policy. This could be in relation to:

- Trips and Visits
- Dinner money
- Letting of facilities
- Fund raising
- Donations
- Sponsorship
- Miscellaneous income

7.6 All academies are to be cashless from September 2017 or within 12 months of conversion using the Parentpay online system.

8.0 Debt Management

8.1 When an academy raises an invoice, unless specifically detailed on the invoice, the payment terms will be 30 days.

8.2 The following process shall apply where payment is not received:

- 30 days after original invoice – reminder letter issued
- 2 weeks after first reminder letter – second reminder letter issued
- 2 weeks after second reminder letter – debt referred to Academy Finance Committee. At this point Trust CFO is notified of debt and legal advice sought if appropriate.

8.3 The level in relation to the 'write off' of bad debts is outlined below:

- up to £1000 – Local Governing Body
- Over £1000 – The Trust

8.4 Any 'write off' of bad debts must be recorded and referred to the CFO.

9.0 Cash Management

Bank Accounts

9.1 The opening of all accounts must be authorised by the Trust; the CFO will be made aware of arrangements covering the operation of accounts including any transfers between accounts and signing arrangements. All Trust academies banking arrangements will be with Barclays Bank. The Trust CFO, AGO and Trust Finance Manager will be included as an official signatory on all Trust bank account mandates.

Deposits

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

- The amount of the deposit

- A reference, such as the number of the receipt or the name of the debtor

Payments and withdrawals

9.3 All cheques and other instruments authorising withdrawal or transfer from academy bank accounts must bear the signature of at least two persons from the bank mandate. Bacs payments must be made wherever practicably possible.

9.4 This provision applies to all accounts operated by or on behalf of the Trust.

Administration

9.5 The academy Business Manager must ensure that bank statements are received regularly and that reconciliation is completed as a minimum on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the academy's cash book
- Reconciliation is prepared by the academy Business Manager
- The Reconciliation report is countersigned by the Principal
- The CFO is notified of any adjustments or issues arising from the process
- Any outstanding transactions are investigated as part of the month end reconciliation process.

9.6 Petty Cash Accounts – To be replaced by the use of Barclaycard with effect from April 2017; all academies will cease using petty cash by 31st March 2017.

9.7 All academies will cease operating with a separate School Fund by 31st March 2017 with the school fund accounts incorporated into the main academy account from April 2017.

Cash Flow Forecasts

9.8 The academy Business Manager, in conjunction with the Trust Finance Manager, is responsible for preparing up to date cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Any anticipated overdrawn balances must be reported to the CFO as a matter of urgency.

9.9 The cashflow forecast must be submitted to the CFO as part of the month end procedure.

Investments

9.10 Investments of surplus funds across the trust are to be arranged only by the Trust and not by the individual academies.

9.11 All financial and other risks must be considered before any investment is made.

9.12 The use of academies surplus funds for investment purposes is at the discretion of the trust.

10.0 Fixed Assets

Asset Register

10.1 All items purchased with a value over £1000 must be entered in the academy fixed asset register as part of the month end process. The academy Business Manager will oversee the administration of the register and is required, on a yearly basis, to check the register and report any discrepancies to both the Principal and CFO. Each academy must also maintain an inventory of equipment, furniture, fixtures and fittings.

10.2 The asset register should include the following information:

- Asset description
- Date of acquisition
- Asset cost
- Relevant depreciation policy
- Depreciation to date
- Current book value

10.3 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
- The external auditors to draw conclusions on the annual accounts and the academy's financial system
- Support insurance claims in the event of fire, theft, vandalism or other disasters

Security of assets

10.4 Stores and equipment must be secured by means of physical and other security devices and accessed by 'authorised' personnel only.

10.5 All the items in the register should be permanently and visibly marked as the academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Governing Body. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

Disposals

10.6 Where the estimated disposal value of surplus or redundant assets (equipment) is less than £500 or sale is to be by public auction or competitive tendering, disposal can be authorised by the Principal.

10.7 The prior approval of the Trust will be required if:

- The estimated disposal value is above £500 and the sale is not to be by public auction or competitive tendering
- The estimated disposal value is above £500
- The sale is to be to a Governor or employee of the School

10.8 The prior written consent of the Secretary of State for Education is required in accordance with section 89 of the School Funding Agreement as follows:

- Before the disposal of any asset for which a grant of over £20,000 was made, or land and buildings which had been transferred from the Local Authority at no cost to the School
- Before the sale or disposal by other means, or reinvestment of proceeds from the disposal of an asset or group of assets, for which a capital grant in excess of £20,000 was paid.
- As set out in section 93 of the School Funding Agreement the School will provide 30 days written notice to the Secretary of State for Education of its intention to dispose of assets for a consideration less than the best price that can reasonably be obtained, whether or not such disposal requires the Secretary of State for Education's consent as detailed above.

10.9 The sale/disposal of equipment to staff is not encouraged, as it may be difficult to evidence that the academy obtained value for money and that the process was conducted in a fair and transparent way.

10.10 There are complications with the disposal of computer equipment, as the academy would need to ensure licenses for software have been legally transferred to a new owner.

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

Loan of Assets

10.12 Items of academy property must not be removed from academy premises without the authority of the Principal. A record of the loan must be maintained by the academy.

10.13 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

Depreciation of Fixed Assets

10.14 Depreciation will be recorded as follows:

- IT – 3 year straight line
- Other Plant – 5 years straight line
- Leasehold Properties and Improvements – over the lease period
- Freehold Buildings – up to 50 years

11.0 Tax

11.1 The Trust is registered for VAT purposes and accords with the statute. Regulation details are outlined on the website: www.hmrc.gov.uk.

11.2 VAT claims are submitted to the HMRC on a monthly basis by the Trust Accountant.

11.3 Reimbursement of VAT will be made to the academies when the Trust receives payment from HMRC.

11.4 The academy Business Manager will be responsible for applying VAT in line with HMRC requirements.

11.5 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

12.0 Audit

12.1 The Trust has appointed Ribchesters Chartered Accountants as its auditors. In addition to the statutory audit, a regularity audit will be undertaken at each academy within 3 months of conversion in order to determine the level of control, the effectiveness of systems and to provide the Trust with assurances in relation to regularity, propriety and compliance. This is commissioned via a separate letter of engagement which will specify the precise requirement of the work and fees that will be charged. The costs will be paid from the start up grant.

12.2 An internal audit/review will be undertaken on a quarterly basis and carried out by the Trust appointed Responsible Officer.

13.0 Insurance

13.1 The academy and Trust will review all risks annually to ensure the cover available and the sums insured are adequate.

13.2 All academies are registered with the DfE RPA scheme on conversion.

13.3 The academy will notify the insurers of any new risks or any other alterations affecting existing insurance.

13.4 The Trust will not give any indemnity to a third party.

13.5 The academy will immediately advise its insurers of any accident, loss or other incident which may give rise to an insurance claim.

Guidance for Issue to Responsible Officers (ROs)

The Role of the Responsible Officer

The role of the Responsible Officer (RO) is to provide the Governing Body (GB) with an ongoing independent oversight of the academy's financial affairs. Most public sector organisations, and a growing number of private sector organisations, are required to have an internal audit service but due to the relatively small size of academies this requirement is thought to be too onerous.

In the absence of an internal audit service it falls to the RO to provide the GB with independent assurance that:

- the financial responsibilities of the GB are being properly discharged;
- resources are managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The RO can be a governor (but not the chairman), an appropriately qualified and experienced individual not on the academy's staff or the Trust appointed Auditors under a separate written agreement. The RO is not expected to do the detailed accounting work personally, but will be required to check some transactions to ensure that the correct procedures have been followed. The RO will need to be sufficiently familiar with the finances of the School to be able to report to the GB and the Trust Audit Committee, and hence indirectly to the EFA, that the above requirements have been met.

Performance of the RO Role

The conditions of EFA grant, and the financial procedures which the EFA expect the academy to follow, are described in the DfE Academies Financial Handbook, which expands upon the academy's funding agreement with the Secretary of State. Further details may be set out from time to time in financial circular letters, and in the annual funding letters. The main purpose of the RO role is to ensure that these requirements are followed.

Responsible Officers are often consulted before significant financial decisions are taken and provide a useful source of advice for academies. However, the RO should also perform a wider role by visiting the academy at least once a quarter and undertaking a series of detailed tests to confirm the operation of the main financial systems.

Written records of the checks performed by the RO should be maintained.

Suggested Systems Checks to be Undertaken by the RO Each Year

Payroll

Select 5 employees from the payroll and check salary details back to personnel records to confirm that the amount paid is correct.

Check 5 amendments to the payroll to ensure that appropriately authorised source documentation exists.

Review the final payroll print for one month to ensure it has been appropriately authorised.

Purchases

Select 5 payments made within the quarter and ensure:

- the payment is correctly authorised;
- the payment is correctly recorded in the accounting system;
- the invoice is correctly authorised;
- the invoice agrees to the order;
- that goods or services have been certified as received;
- the order is correctly authorised;
- that the order has been placed with an appropriate supplier.

Obtain details of any contracts let with a value over a prescribed limit and review documentation to ensure correct quotation/tender procedures have been followed.

Review progress against any significant capital contracts to ensure payments made are appropriate and progress is satisfactory.

Income

Review receipts from the EFA and sponsors and check that the amounts received agree to source documentation.

Select one category of “miscellaneous receipts” and ensure:

- appropriate action has been taken on any overdue amounts;
- primary records of amounts due reconcile to records of monies collected;
- monies recorded as collected have been banked promptly and in full;
- ensure monies collected are correctly recorded in the accounting system.

Accounting System

Review the bank reconciliation to ensure that it has been correctly prepared and authorised.

Review the control account reconciliation to ensure that it has been correctly prepared and authorised.

Review through sample checks the procedures used to prepare financial reports issued to governors and officers of the academy and check that Trust financial returns are completed accurately and promptly.

FOR THE GUIDANCE OF GOVERNORS, A SUMMARY OF THE RELEVANT PART OF THE REGULATIONS ABOUT WITHDRAWAL FROM MEETINGS AND DISCLOSURE OF INTEREST ARE SET OUT BELOW.

WITHDRAWAL FROM MEETINGS - HAVING AN INTEREST

The general principle is that no-one should be involved in a decision where his or her personal interests may conflict with those of the governing body.

- The regulations apply to all members of the governing body and the headteacher and any others in attendance at the meeting, though if a matter is to be voted upon, then only to the members of the governing body.
- The clerk to the governing body shall only be required to withdraw when the governing body is discussing the clerk's pay/contract or disciplinary action against the clerk.
- Governors have to withdraw when their own appointment, reappointment or removal as a member of the governing body or a committee is under consideration.
- Any governor who is employed to work at the school (other than the headteacher), must withdraw from a meeting where the pay or performance appraisal of any particular person employed to work at the school is under discussion.
- The headteacher must withdraw from any meeting where his/her own pay or performance appraisal is under discussion.
- If a person has any pecuniary interest, direct or indirect in any contract, proposed contract or any other matter under discussion at a meeting s/he shall at the meeting disclose the fact and:
 - (a) withdraw from a meeting during the consideration or discussion of the meeting;
 - (b) not vote on any question with respect to that matter.
- A person has an indirect pecuniary interest if:
 - (a) s/he, or any nominee of hers/his, is a member of a company or other body with which a contract is under consideration or has been made;
 - (b) s/he is a partner in business or in the employment, of a person with whom the contract is made or under consideration.
- A person has a direct or indirect pecuniary interest in a matter if a relative (including a spouse) living with her/him, has a direct or indirect pecuniary interest.
- The headteacher (whether a governor or not), a governor who is a teacher or member of the non-teaching staff, or any teacher who is in attendance in an advisory capacity should not have an interest that is greater than the interest of the generality of teachers at the school.
- A person present at a meeting of a selection panel at which the subject for consideration is that person's appointment (or that of his/her relative or spouse) to a post as a teacher or otherwise at the school, a transfer or promotion or retirement or shall be a candidate for the resulting vacancy, s/he shall be deemed to have an interest.

