



The White Hills Park Federation Trust
A Culture of Excellence

Financial Regulations

Issue Date: December 2017
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WHITE HILLS PARK FEDERATION TRUST

FINANCE POLICY

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Introduction

- 1.1 The purpose of this manual is to ensure that the Academy Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our Multi Academy Trust Master Funding Agreement and the individual school Supplemental Agreements with the Secretary of State for Education.
- 1.2 The Academy Trust must comply with the principles of financial control outlined in the Academies Financial Handbook and any additional Guidance published by the Education and Skills Funding Agency (ESFA). This manual expands on that and provides detailed information on the Academy Trust's accounting procedures and shall be read by all staff with financial responsibilities.

2 Organisation

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

3 The Board of Directors

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

4 The Resources Committee

- 4.1 The Resources Committee is a committee of the Board. The Resources Committee meets at least once a term but more frequent meetings will be arranged if necessary and business conducted only if quorate.
- 4.2 The main responsibilities of the Resources Committee are detailed in the written terms of reference which have been authorised by the Board. The main responsibilities include:
 - Formulate the annual budget having considered the Academy's development plan and management plan for approval by the full Board.
 - To provide guidance to the Board and its Committees on financial matters.
 - To monitor the financial affairs of the Academy Trust and to report as appropriate/termly to the Board.
 - To agree financial policies for full Board approval.
 - To consider auditors' reports and arrange for the auditing of any Academy Trust Funds.

- To monitor finance reporting to the ESFA.
- To consider any other financial matters and take appropriate action.
- Ratify and monitor the Academy Trust's health and safety policy
- To determine matters relating to building maintenance including H&S and lettings outside school hours.
- Ensure that an annual H&S survey of the Academy premises takes place and reports are received.
- Ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies;
- To authorise the award of contracts over £50,000 subject to formal tendering
- To authorise financial changes to the Academy personnel establishment
- Selection, planning and oversight of any capital projects
- Ensure that the Trust has sufficient insurance cover

5 The Executive Principal/CEO/Accounting Officer

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

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

6 Management Accountant/Federation Finance Manager

6.1 The Management Accountant and the Federation Finance Manager work in close collaboration with the Executive Principal/CEO and the Head of Educational Support through whom they are responsible to the Board. The Management Accountant and the Federation Finance Manager also have direct access to the Board members via the Resources Committee. The main responsibilities of the Management Accountant and the Federation Finance Manager are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the Academy Trust's financial position at an operational level within the framework for financial control determined by the Board;
- The maintenance of effective systems of internal control;

- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy Trust;
- The preparation of monthly management accounts;
- Authorising orders below £5000 in conjunction with budget holder;
- Signing cheques and authorising BACs payments in conjunction with the Executive Principal/CEO or other authorised signatory and
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

7 Other Staff

- 7.1 Other members of staff, primarily the Finance Officers and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of the Academy Trust's property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy Trust's financial procedures.

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

- 8.1 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy Trust Board members and staff, are required to declare any financial interests they have in companies or individuals from whom the Academy Trust may purchase goods or services. The register is open to public inspection and for Directors will be published on the Trust's web-site.
- 8.2 The register shall include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy Trust. The disclosures shall also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Board member or a member of staff by that person.
- 8.3 The existence of a register of business interests does not, of course, detract from the duties of Board members and staff to declare interests whenever they are relevant to matters being discussed by the Board or a committee. Where an interest has been declared, Board members and staff shall not attend that part of any committee or other meeting.
- 8.4 Companies and LLPs have an obligation to set up and maintain a register of individuals or legal entities which shows who has significant control over the company. Charitable companies limited by guarantee, which include academy trusts and all wholly-owned trading subsidiaries of academy trusts, will be subject to the regime.
- 8.5 The PSC register will be maintained by the Trust and an annual statement made through the return required by Companies House.

9 Accounting system

- 9.1 All the financial transactions of the Academy must be recorded on the approved accounting system (currently psfinancials). The system is operated by the Finance Department and consists of:
- Nominal Ledger
 - Purchase Ledger
 - Sales Ledger
 - School Fund
 - VAT Ledger
 - Fixed Asset Ledger
 - Facilities Ledger

9.2 Payroll is outsourced to Nottinghamshire County Council.

10 System Access

10.1 Entry to the accounting system is password restricted and the Federation Finance Manager is responsible for implementing a system which ensures that passwords are changed as appropriate

10.2 Access to the component parts of the accounting system can also be restricted and the Federation Finance Manager is responsible for setting access levels for all members of staff using the system.

11 Back-up Procedures

11.1 The Federation IT Services Manager and his team are responsible for ensuring that there are effective back up procedures for the system. The White Hills Park Federation Trust runs a disk backup system using Veeam backup and replication with a full backup and increments of 100 on all mission critical services and servers. Restores can be done from any point in the last 100 days.

11.2 A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system in a fireproof container.

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

12 Transaction Processing

12.1 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All internal Bank Transfers are undertaken by the Federation Finance Manager only, are authorised by the Executive Principal and retained for external audit.

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

13 Transaction Reports

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

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

14 Reconciliations

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

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

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

15 Financial planning

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

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

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

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

16 Academy Trust Development Plan

16.1 The development plan is concerned with the future aims and objectives of the Academy Trust and how they are to be achieved; that includes matching the Academy Trust's objectives and targets to the resources expected to be available. Plans shall be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

16.2 The form and content of the development plan are matters for the Academy Trust to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the ESFA.

16.3 Each year the Executive Principal/CEO will propose a planning cycle and timetable to the Board which allows for:

- A review of past activities, aims and objectives - "did we get it right?"
- Definition or redefinition of aims and objectives – "are the aims still relevant?"
- Development of the plan and associated budgets – "how do we go forward?"
- implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
- Feedback into the next planning cycle – "what worked successfully and how can we improve?"

16.4 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Executive Principal/CEO.

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

16.6 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a specified individual. The responsible manager shall monitor performance against the defined success criteria throughout the year and report to the senior management team on a regular basis. The senior management team will report to the Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

17 Annual Budget

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

18 Balancing the Budget

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

19 Finalising the Budget

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

20 Monitoring and Review

- 20.1 Monthly management reports will be prepared by the Management Accountant. The reports will detail actual income and expenditure against the budget at a summary level for the Executive Principal/CEO and the Directors. The Federation Finance Officer will prepare budget statements for budget holders and this process will be overviewed by the Federation Finance Manager.
- 20.2 Any potential overspend against the budget must in the first instance be discussed with the Executive Principal and the Head of Educational Support. The accounting system will not allow payments to be made against an overspent budget without the approval of the Federation Finance Manager.

20.3 The monitoring process shall be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. Budget virements may be agreed by the Executive Principal/CEO in conjunction with the Head of Educational Support if there is no change to the overall position of the budget. All budget adjustments that impact on the overall position of the budget must be authorised by the Resources Committee.

21 Payroll

21.1 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- Payments.

22 Staff Appointments

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

23 Payroll Administration

23.1 The Academy payroll is administered via the Payroll Department at the Nottinghamshire County Council. Access to the system is password controlled. Password control procedures and back-up arrangements are in place.

23.2 All staff are paid monthly through the Nottinghamshire County Council payroll package. A master file is created for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- Any deductions or allowances payable.

23.3 New master files can only be created by authorised staff.

23.4 The Cover Manager records details for all staff in respect of sickness and other absences. The Cover Manager consolidates this information and submits the information to the Payroll Department on a monthly basis directly onto the payroll system through the BMS system. Any new appointments or terminations are notified to the Payroll Department by the PA to the Executive Principal.

24 Payments

24.1 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total shall be obtained from payroll. The print is reviewed, compared to the gross/net listing.

24.2 All salary payments are made by BACS.

24.3 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised and reconciliations for these amounts shall be prepared by the

Head of Educational Support and authorised for payment by the Federation Finance Manager and the Executive Principal/CEO or other authorised cheque signatory if one is unavailable, by the due date.

24.4 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Federation Finance Manager shall review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly up-dated and to identify any amounts posted to the suspense account. This is signed off by the Executive Principal on a monthly basis as part of the month end process.

24.5 On an annual basis the Management Accountant must check a sample of members of staff to ensure that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

25 Purchasing

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

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

26 Routine Purchasing

26.1 Budget holders will be informed of the budget available to them. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder and budget holders are encouraged to keep their own records of orders placed but not paid for.

26.2 Routine purchases in accordance with current delegation of authority can be ordered by budget holders. A quote or price must always be obtained before any order is placed.

26.3 All orders must be made, or confirmed, in writing using an official requisition form available on the L:\ drive. Requisitions must bear the signature of the budget holder or be e-mailed from a validate e-mail address and must be forwarded to the Finance Office where the Finance department will check to ensure adequate budgetary provision exists before processing the order.

26.4 Orders will be produced automatically from the accounting system, allocated a reference number and dispatched to the supplier by the Finance Office.

26.5 On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies shall be discussed with the Finance Office without delay.

26.6 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Office will keep a central record of all goods returned to suppliers.

26.7 All invoices will be sent to the Finance Office. The Finance Office will stamp invoices with a grid against which the following can be evidenced:

- A) Goods/Services received;
- b) Payment authorised

- c) Order or Nominal
- d) Cost Centre;
- e) GRN/PI;
- f) Authorisation;
- g) Input

- 26.8 Boxes (a) & (b), will be completed by the Budget Holder. The invoice will then be returned to the Finance Office to complete boxes (c), (d), (e), (f) & (g). Before completing these boxes the budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Office.
- 26.9 Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
- 26.10 If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
- 26.11 When the budget holder has completed boxes (a) and (b) the invoice, order and GRN shall be sent to the Finance Office.
- 26.12 The Finance Office will then input details of payments to be made to the purchase ledger and generate the payments required. The payments and associated paperwork must be authorised by two of the nominated cheque signatories.
- 26.13 Cheques or BACS payments will be dispatched to suppliers by the Finance Office who will evidence payment by production of a payment list and then place it in the appropriate file.

27 Orders over £5000 but less than £50000

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

28 Orders over £50000

- 28.1 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures or through suitable purchasing frameworks.

29 Orders over £164,176

- 29.1 All goods/services ordered with a value over £164,176, or for a series of contracts which in total exceed £164,176 or building works over £4,104,394 must be subject to formal tendering procedures. The use of CPC for orders above this value meets the EU tender requirements. Purchases over £164,176 for goods/services or £4,104,394 for building works excluding VAT may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is available from <http://www.ojec.com/Thresholds.aspx>

30 Orders over £25,000

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

31 Forms of Tenders

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

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

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

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

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

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

32 Preparation for Tender

32.1 Full consideration shall be given to:

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

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

33 Invitation to Tender

33.1 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

33.2 An invitation to tender shall include the following:

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

34 Aspects to Consider

34.1 Financial

Like shall be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.

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

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

34.2 Quality control procedures

Details of previous sales and references from past customers.

34.3 Other Considerations

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

35 Tender Acceptance Procedures

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

36 Tender Opening Procedures

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

- For contracts over £164,176 - the Management Accountant, the Head of Educational Support or the Executive Principal/CEO;

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

37 Tendering Procedures

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

37.2 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

- 37.3 Full records shall be kept of all criteria used for evaluation and for contracts over £164,176. A report shall be prepared for the Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £164,176 the decision and criteria shall be reported to the Resources Committee.
- 37.4 Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be obtained before the acceptance of a tender.
- 37.5 The accepted tender shall be the one that is economically most advantageous to the Academy Trust. All parties shall then be informed of the decision.
- 37.6 The Academy Trust's regulations and procedures for obtaining competitive tenders and/or quotations may be set aside without reference to the Resources Committee where:
- i. The supply is proposed under special arrangements negotiated by the school in which event the said special arrangements must be complied with
 - ii. The timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender
 - iii. Specialist expertise is required and is available from only one source
 - iv. The task is essential to complete the project, arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate
 - v. There is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering

38 Debit Cards

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

39 Liabilities and Write –offs

- 39.1 The Trust can perform the following financial transactions:
- Writing off debts and losses
 - Enter into guarantees, letters of comfort or indemnities
- 39.2 The academy trust **must** obtain ESFA's prior approval for previous transactions beyond the delegated limits set out below. The delegated limits subject to a maximum of £250,000, are:
- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
 - Cumulatively 2.5% of total annual income in any one financial year per category of transaction for Trusts that have not submitted timely, unqualified audited accounts for the previous two financial years.
 - Cumulatively 5% of total annual income in any one financial year per category of transaction for Trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

40 Leases

- 40.1 The Trust does not require ESFA's approval for operating leases except for some transactions relating to land or buildings.
- 40.2 The Trust **must** obtain ESFA's prior approval for the following leasing transactions:
- Taking up a finance lease in any class of asset for any duration from another party (Borrowing)

- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

41 Income

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

41.2 The Academy Trust also obtains income from:

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

41.3 Trips

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

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

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

41.7 Lettings

41.8 The Finance Officer in liaison with the Federation Estates Manager is responsible for maintaining records of bookings of the facilities and for identifying the sums due from each organisation. Payments will be invoiced for the use of facilities.

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

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

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

42 Custody

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

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

43 Cash Management

43.1 Bank Accounts

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

43.3 Deposits

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

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

43.5 Payments and withdrawals

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

- Executive Principal/CEO;
- Head of Educational Support;
- Federation Finance Manager;
- Other authorised signatory as agreed by the Academy

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

43.8 Administration

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

- All bank accounts are reconciled to the Academy Trust's cash book;
- Reconciliations are prepared by the Federation Finance Manager;
- Reconciliations are subject to an independent monthly review carried out by the Head of Educational Support or Executive Principal;
- Adjustments arising are dealt with promptly.

43.10 Petty Cash Accounts

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

43.12 Deposits

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

43.14 Payments and Withdrawals

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

43.16 Administration

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

43.18 Physical Security

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

43.20 Cash Flow Forecasts

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

43.22 Investments

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

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

44 Fixed assets

44.1 Asset register

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

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from DFE grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location

- Name of member of staff responsible for the asset

44.3 The Asset Register helps to:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- Manage the effective utilisation of assets and to plan for their replacement;
- The external auditors to draw conclusions on the annual accounts and the Academy's financial system and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

44.4 Security of assets

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

44.6 All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register shall be investigated promptly and, where significant, reported to the Resources Committee. Inventories of Academy property shall be kept up to date and reviewed regularly.

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

45 Disposals

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

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

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

46 Loan of Assets

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

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