



**Minerva**  
Learning Trust

# **Finance Policy and Financial Scheme of Delegation**

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## Changes in this edition

[Financial Planning](#): Emphasis on the requirement of Schools to submit budgets by the May deadline to the Trust for consideration and final approval.

[Budget Monitoring and Control](#): changes to reflect revised standard operating procedures in relation to producing management account reports by the Trust in liaison with School Business Managers.

[Budget Monitoring and Control](#): School responsibilities to ensure budget holders are aware of the requirement to operate a balanced cost centre and overall school budget.

[Budget Monitoring and Control](#): emphasis on the requirement for Schools to submit a balanced budget, that has been agreed locally by the LGB, to the Trust before the May deadline date published in the Trust calendar.

[Information Systems Management](#): changes to reflect that permissions to the accounting system are administered by the Trust.

[Policies linked to this document](#): updated

[Appendix 3 – Monthly Trust Submission](#): changes to include additional items that Schools are required to submit as part of month and/or year end.

[Appendix 4 –Procurement and Tendering Policy](#) – embedded into policy

## 1. Purpose & Scope

This policy together with supporting procedures are written for the purpose of ensuring that the Trust systems and controls are developed, implemented and maintained within the framework of propriety sound financial management. The Minerva Learning Trust in safeguarding and applying the written Funding Agreement between the trust and the Department for Education (DfE), will enforce the application of the systems and operations within those establishments under its control.

In complying with the principles and requirements of the Academies Financial Handbook (AFH), this document outlines and provides detailed information regarding the accounts procedures and processes together with roles and responsibilities of personnel and those with governance responsibility. The document is written in line with the format of the AFH to give individuals in the finance function a common and consistent approach to operations.

The policy also makes reference to other linked policies such as depreciation, reserves, investments, charging & remission, staff expenses. Other key policies are identified and separately documented.

The mandatory application of the policy relates to all schools governed by Minerva Learning Trust.

## 2. Roles and Responsibilities

### 2.1 Role of Members

The Minerva Learning Trust ("the Trust") is a company limited by guarantee with exempt charity status.

As charitable companies limited by guarantee every Trust has members who have a similar role to the shareholders of a company limited by shares. They:

- are the subscribers to the Trust's memorandum of association (where they are founding members)
- may amend the articles of association (the articles include a definition of the Trust's charitable objects and governance structure) subject to any restrictions in the articles or in the Trust's funding agreement or charity law
- have powers to appoint and remove Trustees in certain circumstances
- appoint the Trust's auditors and receive the Trust's audited annual accounts (subject to the Companies Act).

### 2.2 Role of Trustees

The Trust Board has wide responsibilities under statute, regulations and the funding agreement. Principally, it is responsible for:

- ensuring that the trust's funds are used for the purposes intended and only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook;
- using discretion to reasonably discharge that responsibility and in a way that commands broad public support;
- the proper stewardship of funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money;
- approval of the annual **balanced** consolidated budget (if a proposed deficit budget plan the EFSA must be notified within 14 days);
- ensuring balanced three year budget and annual budgets across all establishments in the Trust;
- receiving and final approval of budgets for each school in the Trust;
- production of an Annual Report and Accounts;
- appointment of the Chief Executive (as Accounting Officer);
- appointment of the Chief Financial Officer in conjunction with the Chief Executive;
- appointment of external auditors through Finance and Audit Committee;
- receiving and reviewing reports of internal audit and the effectiveness of financial procedures and controls and;
- Approving related party transactions (see Statement of Assurance).

The Trustees have certain obligations to protect the assets, property and reputational interests of the Trust.

The Board of Trustees **must** understand their statutory duties as company directors as set out in the Companies Act 2006. This is of particular importance when entering into transactions with 'related parties'. Trustees should note that transactions with related parties in excess of £20,000 (individually or cumulatively over one financial year) **must** be referred to the ESFA for approval in advance of any engagement for goods and services. Where there is potential

to engage in novel, contentious and repercussive transactions Trustees **must** also refer to the ESFA for approval.

The statutory duties of Trustees are to:

- act within their powers;
- promote the success of the company;
- exercise independent judgement;
- exercise reasonable care, skill and diligence;
- avoid conflicts of interest;
- not to accept benefits from third parties; and
- declare an interest in proposed transactions or arrangements.

The Trustees **must** also ensure all relevant business and pecuniary interests of Trustees are maintained on a register and published on the Trust website.

The register **must** also identify any material interests arising from close family relationships between the Trust's Members or Trustees, and relationships between Members or Trustees and employees.

Trustees should consider carefully whether to include the interests of other individuals in the register of interests. This may include other employees of the Trust and close family members of individuals already on the register. If in doubt the presumption should be towards including an interest in the register. Boards of Trustees should keep their register of interests up-to-date through regular review.

## 2.3 Publication of governance arrangements

In the interests of transparency, the Trust **must** publish on its website up-to-date details of its governance arrangements in a readily accessible format. This **must** include:

- The structure and remit of the Members, board of Trustees and its committees (the Trust's scheme of delegation for governance functions), and the full names of the chair of each (where applicable)
- For each member who has served at any point over the past 12 months:
  - their full names
  - date of appointment
  - date of resignation (where applicable) and,
  - relevant business and pecuniary interests including governance roles in other educational institutions
- For each Trustee who has served at any point over the past 12 months:
  - their full names
  - date of appointment
  - term of office
  - resignation date (where applicable)
  - by whom appointed (in accordance with the Trust's articles) and,
  - relevant business and pecuniary interests including governance roles in other educational institutions.

If the Trust's accounting officer is not a Trustee their relevant business and pecuniary interests must still be published.

- For each Trustee, attendance at board and committee meetings over the last academic year.

The Trust has defined the responsibilities of key committees and staff involved in the administration of financial matters to provide a framework of accountability. The Committees with financial responsibilities are as follows:

- Trust Board
- Finance and Audit Committee

The main responsibilities of these Committees are set out in written and published Terms of Reference approved by the Board.

The board of Trustees **must** provide details of the academy Trust's governance arrangements in the governance statement published within its annual accounts. A key feature is Trustees' review of governance including a consideration of the composition of the board in terms of skills, effectiveness, leadership and impact.

## 2.4 Notification of changes (Get information about schools – GIAS)

Notification of appointments and resignations **must** be made within **14 working days** for:

*At Trust level*

- Members
- Trustees
- Chair of Trustees
- Accounting Officer
- Chief Financial Officer

*At School level*

- Chairs of Local Governing Body
- Governors
- Headteacher

Such appointments and resignations should be recorded in the minutes of meetings.

## 2.5 Role of the Chief Executive Officer

The Chief Executive has overall responsibility for the Trust's activities including financial activities. The Funding Agreement requires the Trust to identify the Chief Executive as the **Accounting Officer** who **must** adhere to the 'seven principles of public life':

1. **Selflessness** - Holders of public office should act solely in terms of the public interest.
2. **Integrity** - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
3. **Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
4. **Accountability** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
5. **Openness** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
6. **Honesty** - Holders of public office should be truthful.



7. **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## 2.6 Accountability

The Accounting Officer is accountable for the trust's financial affairs, for keeping proper financial records, and for the management of opportunities and risks and is supported with the delivery of the trust's detailed accounting processes through delegation to the Chief Financial Officer.

### *Personal Responsibility*

The accounting officer **must** take personal responsibility (which must not be delegated) for:

- assuring the board that there is compliance with the handbook and the funding agreement.
- advising the board in writing if, at any time, in his or her opinion, any action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or this handbook.
- advising the board in writing if the board appears to be failing to act where required to do so by the terms and conditions of the handbook or funding agreement. Where the board of trustees, despite the advice of the accounting officer, continues such failings, the accounting officer must consider the reasons the board gives for its decision. If, after considering those reasons the accounting officer still considers that the action proposed by the board is in breach of the articles, the funding agreement or this handbook, the accounting officer **must** notify ESFA's accounting officer immediately, and in writing.

Additional responsibilities:

- advising on new staff appointments within the Trust schools;
- authorising orders, contracts and signing cheques / releasing payments in conjunction with CFO or other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority;
- preparing budget plans in conjunction with the CFO;
- ensuring financial reporting to the Trust;
- seeking Trust approval for procurement of goods and services in excess of delegated thresholds;
- ensuring any actions resulting from the annual audit are implemented.

## 2.7 Role of the Chief Financial Officer (CFO)

The CFO operates in a leadership capacity in close collaboration with and under the direction of the Chief Executive Officer and through whom is responsible to the Trustees. The main responsibilities CFO are:

- providing strategic financial management to the Trust;
- the day to day management of financial matters including the establishment, maintenance and operation of a suitable accounting system for Multi Academy Trusts central budgets and individual academies;
- the leadership and management of the financial position at a strategic and operational level within the framework for financial control determined by the Trustees;
- preparation of the Trust budget plans in conjunction with the Chief Executive and supporting Headteachers and Business Managers in budget setting;
- 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 Trust;
- the preparation of consolidated monthly management accounts and ensuring that schools within the Trust produced management accounts on a monthly basis to the Trust and for presentation to the Local Governing Body;
- authorising orders, contracts and signing cheques / releasing payments in conjunction with the Chief Executive or other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority (Section 4); and
- ensuring forms and returns are sent to the EFSA in line with any timetabled DfE / EFSA guidance.

## 2.8 Delegated authority to the trust

The DfE delegated authority of financial transactions is set out below from the DfE:

### Write Offs

The academy trust must obtain ESFA's approval for the following transactions beyond the delegated limits set out below:

- writing-off debts and losses
- entering into guarantees, letters of comfort or indemnities

The Trust Board may perform the following financial transactions up to the limits set out below. Beyond these limits the Trust Board must seek and obtain explicit and prior approval of the Secretary of State (through the EFSA) to the transaction

The delegated limits for write offs, 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 any Trust that have not submitted timely, unqualified financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements.
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any Trust that have submitted timely, unqualified financial returns for the previous two financial years.
- In relation to these limits the trust should always pursue recovery of amounts owed to it, including overpayments, or payments in error. In practice, however, there will be practical and legal limits to how cases should be handled.

The Trust should secure value for money by appraising the proposal through an assessment of the costs and benefits of relevant options. The Trust **must** ensure that the value of any liability is within its delegated authority to commit.

## Severance Payments

If the Trust is considering making a staff severance payment above the contractual entitlement, it **must** consider the following issues:

- that the proposed payment is in the interests of the trust
- whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at tribunal. If the legal assessment suggests a better than even chance of winning, there is no rationale for settling the case. But where the case will be lost, there is a justifiable rationale for the settlement
  - if the settlement is justified, the Trust would then need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances.

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the former case would be where the claimant will win an Employment Tribunal claim because of employment law procedural errors. In the latter, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.

If the Trust is considering making a compensation payment it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

Where the Trust is considering making a special staff severance payment or compensation payment above the statutory/ contractual entitlement of £50,000 or more, prior approval will need to be sought from EFSA.

Ex gratia payments are another type of transaction that goes beyond statutory or contractual cover, or administrative rules. Annex 4.13 of HM Treasury's Managing Public Money provides examples, which include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

Ex gratia payments are separate to other classes of special payment such as staff severance payments and compensation payments. Statutory and contractual payments made to academy staff in accordance with the Trust's pay and conditions policy would not be ex gratia.

Ex gratia transactions **must** always be referred to EFSA for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction. If Trusts are in any doubt about a proposed transaction they should seek prior advice from EFSA.

## Asset sales, leases and tenancy agreements

The Trust must seek and obtain prior written approval from the Secretary of State, via the EFSA, for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- taking up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than seven years; and
- granting a leasehold or tenancy agreement on land.

Other than the above, trusts do not require ESFA's approval for operating leases. Trusts must ensure that any lease maintains the principles of value for money, regularity and propriety whether or not ESFA's approval is required. The Trust should seek advice from their professional adviser and/or external auditor if they are in doubt over whether a lease involves borrowing.

## **2.9 Trustees register of interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise Trustees and staff with significant financial or spending powers are required to declare any business and financial interests they have in companies or individuals from whom the Trust and its schools may procure goods or services. The register is open to public inspection and published on the Trust website.

The existence of a register of business interests does not detract from the duties of local governing body members and staff to declare interests relevant to the business of any local governing body or a committee. Where an interest has been declared, local governing body members and staff should withdraw from that part of any committee or other meeting.

## **2.10 Independent checks (internal audit and risk management)**

The Audit and Risk committee (remit of Finance & Audit Committee) for the Trust will undertake the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks to internal financial control at the Trust and agree an annual programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

This programme will be managed through one or more of the following options:

- the work of an internal audit service (either in-house, bought-in or provided by a sponsor)
- the performance of a supplementary programme of work by the Trusts external auditors.
- completing the work by peer review

## **2.11 Investigation of fraud and irregularity**

The personal responsibilities of accounting officer responsibilities extend to the prevention of loss through fraud and irregularity. However, in addition to the accounting officer's responsibilities, the board of Trustees of a Trust are also responsible for preventing such losses of public funds, and this means that Trustees must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. The Control of Fraud Policy outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the Trust, whether by employees or third parties, above £5,000 **must** be reported by the Trust to the EFSA. Any unusual or systematic fraud, regardless of value, must also be reported.

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

## **2.12 External auditors**

The Trust is required to submit the accounts for an annual audit. This means that external auditors need to be appointed.

The auditors are required to give an opinion on whether:

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by DfE;
- proper accounting records have been kept by the Trust and its schools throughout the financial year; and
- grants have been applied for the purposes intended.

The Trust should arrange for on-going monitoring of the performance of the auditors to be undertaken.

## **2.13 Delegated funding to schools**

Schools will receive the General Annual Grant (GAG) directly from the ESFA. This arrangement may be changed at any time under instruction by the Trust Board.

## **2.14 Central service charge**

Schools will be charged at the rate agreed by the Trust Board and subject to review on an annual basis within the Trust Scheme of Delegation limits (3% - 5%).

### **Current charge rate – 5%**

The charge is administered centrally. A deduction will be made from each school bank account around 4<sup>th</sup> day of each month. This is deducted by the central finance team and the associated transaction journal posted to the accounting system for each school.

## **2.15 Accounting system**

All financial transactions should be processed using the approved financial system, HCSS Accounting. Schools may operate private school funds through separate accounting software or, using HCSS Accounting.

Each academy will maintain its own bank account and ensure appropriate processing through the accounting software.

## Transaction Processing

All transaction processing should be authorised in accordance with the procedures specified in this document given due regard to the separation of duties.

The Trust will seek to adhere to the control principles set out within the Academies Financial Handbook.

## 3. Financial Controls

### 3.1 Internal Controls

To ensure robust transaction processing and prompt detection of errors, the duties of staff involved with financial transactions will be distributed so that at least two people are involved in processing and counter-checks with any such checks being documented and signed to confirm.

Alterations to documents will be made in ink; correcting fluid or erasure will not be used.

**Paper based documents** require signature this must be original and in ink and will be sufficient to identify the signatory concerned (i.e. ticks, rubber stamps or scanned signatures are not acceptable).

**Electronic documentation** may be authorised by an electronic signature and must show the approval date.

Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the arrangements of the retention of records procedures.

#### Separation of Duties

Schools must have processes in place to ensure there is effective separation of duties to mitigate against potential for fraudulent activities. Separation should exist for;

Signing and authorising orders (limits defined in the financial scheme)

Cheque signatories (two signatures)

1<sup>st</sup> and 2<sup>nd</sup> approvers – BACs processing

Payroll processing (between administration and approver)

## 4. Financial systems and processes (Schools)

### 4.1 Financial Planning

The Headteacher is responsible for the preparation of a budget plan for consideration and first approval by the Finance Committee of the Local Governing Body in the summer term. The locally approved budget **must** be submitted by the date in May published by the Trust each year for review and final approval at Trust level. Headteachers and Business Managers must ensure regular dialogue with the Trust through the allocated Business Management meetings published on the Trust calendar.

The budget plan should:

- Be balanced and be supported by sufficiently robust notes regarding assumptions and calculations formulating the budget;
- Reflect the first year of the school's planned income and expenditure, subject to the level of resources available to the school, and cover at least the following two financial years;
- Demonstrate in financial terms how the school intends to use its resources to achieve the aims and objectives stated in the School Improvement Plan and in line with the overarching charitable aims and objectives of the Trust;
- Be an integral part of the financial planning process and form the link between School Improvement, curriculum and staffing efficiency, and the school budget and;
- Be reviewed termly with any amendments forming part of the termly report to the Finance Committee.

The Local Governing Body will consider the draft budget and either approve it or return it to the Local Finance Committee for amendment.

The Headteacher **must** forward an approved budget to the Trust by the May deadline. The Trust will consider and give final approval of the School budget. In the event that the LGB does not approve the budget before the deadline date, the Trust will review and set the final budget to ensure that statutory obligations to the ESFA are met.

Where capital expenditure is determined within the budget plan, this **must** be in line with the requirements of the Academies Accounts Direction.

## 4.2 Budget Monitoring and Control

The CFO and Finance Director (FD) will ensure that the process of monitoring actual income and expenditure against the budget is continuous and **must**;

- Ensure the preparation of the monthly Management Accounts Report for each School and the centre through monthly meetings with School Business Manager.
- Ensure the Management Accounts Report is presented by Business Manager to the School Finance Committee.
- Ensure a copy of the Management Accounts and Cashflow forecast are reported to the Chair of the Trust on a monthly basis and shared with Trustees at least 6 times per year in line with the requirements of the AFH.

Schools will:

- Nominate budget holders for specific curriculum and non-curriculum cost centres and ensure budget holders understand the requirement to monitor cost centre spend to avoid deficit position occurring.
- Produce a basis for the allocation of curriculum allocations and notify budget holders prior to the start of the financial year of such allocations.

The Headteacher may make changes between budget headings in the interests of meeting school improvement priorities. Such movements **should** be included as part of the report to governors including the rationale to support the movement.

Day to day responsibility for monitoring and control lies with each budget holder who **must** take measures to ensure the allocation is not exceeded without the prior written approval of the Headteacher and giving due consideration to the requirements of the cost centre plans and curriculum delivery.

The Business Manager and finance team will be responsible for co-ordinating the day to day monitoring process.

Budget holders **should** receive a monthly report of expenditure and income where *real time information is not readily available to the budget holder through the accounting system*.

The Headteacher will receive financial information regarding the school's position together with details of budget holder spending levels from the Business Manager. The information **must** be jointly reviewed and should be shared and agreed with the Chair of the Finance Committee in advance of circulating meeting papers.

The Business Manager **must** present to the Finance Committee at least termly details of the actual and Year to Date spending compared against budget with written explanations of any significant variances and a forecast of the school's expected year end outturn. A report showing the current and forecast cash flow position will also be reported to the Finance Committee on a termly basis.

Schools **must** submit information to the Trust on a monthly basis as detailed in [Appendix 3, Monthly Trust Submission](#).

### 4.3 Banking Arrangements

Schools will use the bank selected by the Trust (Lloyds Bank). The Headteacher and Business Manager **must** ensure that sufficient funds are maintained to process commitments and that the bank accounts do not become overdrawn. The FD will also monitor bank balances.

Schools may deposit funds in low risk, fixed term higher interest deposit accounts where there are clearly identifiable reserves and where this does not restrict cashflow. Any such deposits must adhere to the Reserves policy and must be discussed in advance with the CFO or FD.

#### Bank Mandate

- All cheques **must** have two signatories with first signatory signing within their delegated limit.
- BACS processing **must** be in line with the specified delegated limits and following due process as identified in Appendix 6.
- The bank mandate **must** be changed immediately where staff leave the employment of the school. Leavers should also be notified to the Chief Financial Officer who will suspend the individuals access to banking online.

#### Bank Account Controls

There **must** be a separation of duties between the authorisation, preparation and issue of cheques and processing of BACS payments.



## Cheques

- All cheque books must be stored securely in a lockable safe.
- Cancelled cheques must be retained.

## Cash Flow

- Bank accounts **must not** overdraw.
- Finance staff should ensure regular checks on the status of the account and should be aware of large payments which could pose cash flow problems.
- The ESFA must be immediately informed where potential cash flow issues may exist. Schools must therefore contact the CFO and give a full explanation of the reason to support any request made for draw down on funds prior to the due dates in the published schedule.

## Direct Debits

The use of direct debit for regular payments on services, provided these services are secure (i.e. rates, leases etc.) are permitted. There must be;

- Record of each direct debit set up, listing payment details, dates, length to run etc.
- VAT can be re-claimed, provided supplier submits a VAT statement
- Reconcile direct debits regularly
- Be aware of direct debit payments due when calculating cash flow

## Procurement Cards

Schools are issued with procurement cards to support best value. The use of the cards **must** be restricted to key personnel within the school. Cards will be initiated by the Chief Financial Officer. Schools should request cards in writing to the CFO.

Authorised use is given by the Trust and schools should consider the risks and the controls needed:-

- i) Authorised users as defined in the policy
- ii) Maximum spend on any card £5000
- iii) Cards must be secured in a safe when not in use
- iv) Cards can only be used in conjunction with the core purpose of the school
- v) Documentary evidence of goods purchased should be obtained and maintained to support reconciliation
- vi) Transactions should be reconciled to procurement card statements and reconciled to the bank at least on a monthly basis.

## Cash Card

Cash cards may be issued by the trust with a maximum withdrawal of £700. Cards will only be issued to schools where banking provision does not exist within reasonable proximity to the school and therefore impacts on the school financial services provision.

## 4.4 Bank Account Management

- The ESFA will advance GAG directly to school bank accounts on a monthly basis.
- Business Managers should ensure prompt and accurate recording into the accounting system on receipt and reconciliation against the published funding statement.
- Monthly reconciliation of all bank accounts and procurement cards must be performed.
- Schools should ensure that all bank charges, interest and direct debit payments, are entered on the accounting system accurately.
- Reconciliations to be checked and countersigned by the Business Manager and/or Headteacher.
- Adjustments must be dealt with promptly, with a clear audit trail.

## 4.5 Information Systems Management

The Headteacher is responsible for ensuring the school maintaining accounting records and information using the Trust's chosen accounting system (HCSS Accounting).

While the system is cloud-based, additional effective back-up procedures **must** be in place to ensure security of financial data that sits outside of the accounting system. Such back up controls must be maintained securely to support business continuity.

Only authorised staff will have access to hardware and software within the school therefore mitigating against the risk of data loss. In addition, passwords will not be disclosed and there will be procedures in place to ensure they are changed regularly. Only authorised software is authorised for use in the school.

Access to accounting systems is restricted to those members of staff authorised to process financial transactions. Permission levels are set appropriately by the Trust to enable individuals to carry out their designated tasks and to support the principles of internal control as defined in previous sections of this policy document.

Budget Holder access must be restricted to the use of the requisitioning function only. The permissions of finance team roles are defined in agreement with the CFO.

## 4.6 Insurance

The Trust will ensure adequate levels of insurance are in place in liaison with schools and the insurance provider.

The Trust will review insurance arrangements annually to ensure they are commensurate with risks.

Where schools have letting arrangements in place, schools **must** ensure the lettee has sufficient public liability cover.

## 4.7 Procurement and Tendering Procedures

The full procurement and tendering policy document is detailed at

### Statement of Assurance (related party transactions)

Schools must ensure that when transacting over £2,500 assurances are obtained to identify if individuals or organisations are **related parties** to the Trust (as defined in Section 3.10 of the Academies Financial Handbook). Such items **must** be provided at '*no more than cost for items in excess of £2,500, cumulatively, in any one financial year, on the basis of an open book agreement and supported by statements of assurance.*

Schools should issue the Statement of Assurance to the provider and request Page 1 to be completed. If the provider identifies that the transaction may be 'related party' the remainder of the form **must** be completed and submitted to the Trust for review and approval **prior to engaging in transaction.**

Records of such transactions **must** be maintained and **must** be provided to the trust at year end.

Where transactions are considered to be **novel, contentious or repercussive** (Section 3.2 AFH) in nature (i.e. where the school/trust has no experience, or where the transaction is outside the normal business activity for the trust) such transactions **must always be** referred in the first instance to the trust for notification to the ESFA for approval.

- Individuals responsible for placing orders will ensure that a best value exercise has been performed and that the remaining budget is sufficient to meet the proposed order value, prior to an order being committed. Furthermore, schools should apply the 'best value' flag on the transaction in the accounting system as an audit trail.
- The following limits apply in relation to quotations;
  - If the estimated cost of an item is less than £1,000, two verbal quotations are required and should be noted on the accounting system by the Finance Officer.
  - Items between above £1,000 but less than £25,000, three written quotations
  - Items above £25,000 tendering procedures apply (see policy). This does not apply to educational visits and trips however such high cost trips/visits should have appropriate authorisation by the Finance Committee and be recorded accurately.
- Procurement of goods or services over the OJEU level are subject to the tendering procedure (see policy).
- Headteachers have a duty to ensure that expenditure that is incurred through **restricted funds (i.e GAG Funding)** is appropriate and for the aims of objectives of the Trust.

### Examples of inappropriate expenditure include gifts of any kind including:-

- Congratulations or get well flowers \*
- Christmas gifts for members of staff
- leaving presents for members of staff
- Christmas meals for members of staff
- retirement party for a member of staff
- a staff thank you meal that has included partners
- tea and coffee facilities for staff \*

- provision of drinks and food for staff celebration events (alcohol is prohibited). Any such events should be managed outside of school financial procedures.
- Where schools require staff to attend events outside of the contractual day e.g. Open Evening and Parents Evening it is reasonable to provide drink/food to compensate for the extended day.
- Where **unrestricted** funds are held by schools there is greater flexibility for use of those funds and schools may fund '\*' items using those unrestricted funds.
- The Headteacher has delegated responsibility for the apportionment of a hospitality allocation within the school budget. This is only to be used to host school business meetings/events.
- The school should maintain a **gifts and hospitality** register issued by the Trust and should report any such items to the school Finance Committee on a termly basis. Receipt of gifts and hospitality **must** be in line with the Anti-Corruption and Bribery Policy. Schools **must** submit the register at year end to the Trust.

### **Requisitioning of goods/services**

Requisition may be made by budget holders through the accounting system (where budget holders have been granted access) or manually where no access is granted. Requisitions must be authorised by budget holders.

### **Orders**

- Should be issued for all goods and services (either manual or electronic) with the exception of those service agreements which require a written and signed contractual agreement between parties.
- Will be issued using the accounting system and must detail the goods or service required together with the estimated or agreed price, net of VAT.
- Made by telephone must immediately be committed to the financial system and an official confirmation order forwarded to the supplier as soon as possible.
- Should have supporting purchases/contracts documentation (i.e. specifications, quotes, tenders and correspondence) that must be retained with the copy order.
- Will be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their personal use.

### **Signatories**

- Orders will be authorised in line with the delegated limits.
- Details of authorising personnel and delegated limits are detailed in the Financial Scheme of Delegation at the end of the policy document.

### **Receipt of Goods**

- Delivery notes must be signed a copy retained and passed to the finance team
- Any invoices attached to parcels will be retained by finance team
- Budget holders must report discrepancies, damaged items or incorrect items to the finance team

## Receipt of Services

- Services should be signed by authorised persons. In the absence of the relevant person, the delegated deputy may sign or a member of the Senior Leadership Team.
- Pass the service note to the finance team.
- Services must be checked promptly by the authorised person and the service note annotated regarding quantity (where detailed) and quality of service. The person checking the service must be confident that it has been provided to the best possible standard.

## Returned Goods

In the event that goods are unsatisfactory, the finance team will liaise with the supplier to arrange return or replacement. All information should be recorded on the financial system to ensure audit trail and open and transparent records are maintained.

Where no replacement can be made, a credit note must be issued to the school by the supplier.

## Payments

- Individuals in receipt of goods or services must make checks to ensure that they are in accordance with the order. The individual will sign (either manually or by electronic signature) to authorise the receipt of those goods/services and return such authorisation to the finance team.
- Payments will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks.
- Payment will only be made against an official invoice.
- Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations.

## 4.8 Security

- Orders must be raised using the accounting system.
- Access to cheque books/stocks of blank cheques will be controlled.
- Excessive stocks of cheques must be avoided.

## 5. Leasing (Schools)

Schools should note the delegated authority for the trust set out previously in this document.

All schools **must** engage with the trust to maximise efficiencies. Schools should liaise with the CFO regarding leases and should ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not approval is required by ESFA.

Schools **must** maintain a register of leases for submission to the trust at year end. The register should include full details of lease type, provider, term of lease and associated costs.

Detailed guidance is available to support schools with leasing arrangements at [www.gov.uk](http://www.gov.uk).

## 6. Assets and Security

### 6.1 Depreciation of Assets

The value set by the Trust for the purposes of asset depreciation is £5,000 per item. Depreciation is applied as follows;

|                                  |                      |
|----------------------------------|----------------------|
| Land                             | 0%                   |
| Buildings                        | 2% (50 years)        |
| ICT                              | 20% straight line    |
| Fixtures, Fittings and Furniture | 10% straight line    |
| Motor Vehicles                   | 25% reducing balance |

### 6.2 Control of Assets

The Business Manager is responsible for overseeing the safekeeping of the school's assets register and for ensuring that proper records are maintained. In addition, schools will maintain inventories for each department/area of the school.

The Governing Body should authorise all write offs and disposals of surplus stock and equipment.

#### The Key Priorities for Controlling Assets:

- All items of cash and property should be kept safely;
- Stock items should be maintained at a reasonable level;
- An inventory should be maintained for all attractive portable items with a note of make, model and serial numbers and purchase value;
- Inventories should be checked at least once a year against physical items;
- Details of property that is loaned and/or taken off the school site should be kept in a register;
- Safes and similar receptacles must be kept locked and the keys removed.

#### Items to be included on an Inventory

An up-to-date inventory of all items of equipment with a purchase value of £100 (excluding VAT) or more should be recorded. This may be manual or computerised system of recording.

Items such as laptop computers, cameras etc. should be included on the register as attractive and portable items.

All items of office furniture and equipment should be included.

Records should include the following information for each item:

- Date of acquisition;

- Description of the item;
- Unique identification mark (i.e. serial number) if applicable;
- Cost (excluding VAT);
- Department;
- Location;
- Responsible person;
- Date of disposal (when required).

### **Inventory Procedures**

Appropriate items should be added to the inventory as soon as possible after receipt, including items on loan or rent from other establishments.

Items belonging to the school should be identified as school property with an appropriate security marking.

### **Equipment on Loan**

Occasionally equipment may be borrowed from the school; however, it should not be removed from the school premises without authority. Information regarding the individual who has loaned the equipment should be recorded in the appropriate inventory information.

### **Disposal of Items**

Items that need to be written off should be submitted to the Finance Committee for their approval and noted in the minutes. Following approval, the inventory record should be update.

If a school wishes to sell an inventory item, then the proceeds must be paid into the school bank account immediately. The school should consider whether VAT is applicable if an item is sold.

Data security **must** be considered when disposing of computer equipment. Where equipment is disposed of, this must be performed using secure disposal means (e.g. recognised information and data disposal organisation) and certification to confirm such disposal received. All software must be removed on computer equipment prior to destruction.

### **Inventory Checks**

Each year a physical check of all items contained in the inventory should be made. Ideally someone other than the person responsible for the maintenance of the inventory should carry this out. Any discrepancies should be investigated promptly and, where significant, reported to the Finance committee. Records of the inventory check must be retained for audit purposes.

### **Security of Assets**

Inventory and stock items should be secured where possible and must be identified as belonging to the school with a security marking.

The following procedures should be followed in relation to safes and stores:

- Safes and stores should be kept locked at all times;
- Keys should be held securely by an individual designated by the Headteacher;
- Keys should be removed and should not be marked with the location they relate to;
- The loss of any keys should be reported immediately to the Headteacher.

Schools should ensure that they have adequate insurance to cover all their assets on and off (if applicable) the school site.

## **Audit**

As part of the school's internal audit, items on the inventory and asset register may be inspected to test the robustness of the recording systems.

This will check;

- The inventory record contains sufficient detail including purchase order number, prices, serial number, location, make, model;
- The inventory record is up to date;
- A physical check between inventory record and physical existence is undertaken (and if yes, that the date of the check and a record of who undertook it is recorded);
- A written record of the annual inventory check is documented and securely retained.

## **6.3 Petty Cash**

Petty cash may be held by the finance department. The Business Manager will ensure that the cash sums held are covered by insurance and for security reasons do not exceed £700. *Cash should be kept safe and locked in a secure safe overnight.*

Petty cash will be reconciled on a monthly basis by the Finance Officer.

Staff authorised to hold petty cash are responsible for obtaining receipts for all cash payments made that identify any VAT relating to the transaction;

The petty cash amounts will only be reimbursed from the school bank account. Cash income from other sources **must not** be used to reimburse petty cash.

The use of petty cash will be limited to minor items for which there is proper authority and provision in the budget. Petty cash will not be used for paying regular suppliers, mileage claims by staff or for the purchase of items in excess of £50. Where items exceed £50 and it is not practicable to issue an official order or use a procurement card, prior documented approval from the Headteacher will be required in order to use petty cash.

## **6.4 Income**

The Headteacher is responsible for accounting for all income due and cash collected as set out in the charging policy.

The charging policy will be reviewed annually by the trust to ensure that levels of charges fall in line with wider policy and at least cover the costs of the service provision.

### **School to School support**

Where schools engage in adhoc collaborative support this will not normally be chargeable. When schools specifically request or engage in bespoke work from a member school, such engagement will be chargeable. The receiving school should ensure that appropriate budgetary provision has been made.



Invoices **must** be issued promptly by the Finance Officer. Where possible the school will obtain payments in advance of supplying goods or services to improve the school's cash flow and avoid the time and cost of administering debts.

Receipts and banking will be cross-referenced to debtors by the finance staff.

Bad debts will only be written off with the formal approval of the school Finance committee.

All income received should be issued with a receipt. The exception would be where formal records (e.g. class sales book) are maintained. Where a receipt is not issued there **must** be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained.

The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be given a receipt and banked in tact as soon as possible. Cash held on school premises will be kept to a minimum within the limits specified in the trust insurance policy (£5000). Cash should be in a lockable safe accessible only by authorised finance staff.

The responsibility for identifying money due to the school will, as far as is practicable, be kept separate from the responsibility for collecting and banking money.

Cash income will be kept separate from petty cash and other private fund money.

Staff and governors may not use their personal bank accounts or the school private fund account for any payment or receipt relating to the school's budget. Personal cheques will not be cashed.

## 7. VAT

The trust is registered for VAT (reference number 197 6617 52).

VAT returns are administered by the trust on a monthly basis as part of month end processing procedures.

The accounting system will generate VAT returns as part of the month end closedown procedures. Schools **must** submit returns to the trust to allow a consolidated return to be submitted to HMRC.

VAT returns submitted via the online HMRC system.

Input tax is not to be reclaimed unless the invoice is valid meeting the HMRC requirements:

<http://www.hmrc.gov.uk/vat/managing/charging/vat-invoices.htm>

Staff are not allowed to make purchases through the system to avoid payment of VAT.

## 8. Lettings

Appendix 1 details the lettings policy and schools should hold a charging scheme that is approved by the Governing Body.

## 9. Unrestricted Funds (private)

Unrestricted funds should be accounted for using correct fund code and processed through accounting systems.

## 10. Employment of Personnel and the Administration of Payroll

Payroll costs represent the largest single item of expenditure within the trust. The schools within the trust **must** ensure that effective controls are in place when employing individuals and administering payroll.

### 10.1 Employment of Personnel

All appointments, terminations and salary levels will be made in line with the agreed staffing structure and, subject to any change to the structure having had prior consultation and approval of the trust.

### 10.2 Payroll Administration

Schools should ensure;

- payments are only made to bona fide employees;
- payments are made in accordance with individual conditions of employment;
- deductions in relation to taxation, national insurance and pension are accurately instructed to the payroll provider;
- wherever possible, there is a separation of duties between contract variations and payroll administration;
- additional payments to individuals must be made using the schools official claim forms and submitted to authorisers before submitting for certification to the schools payroll administrator;
- at least two people should be involved in the completing, checking and authorising of documents and claims relating to payroll and expenses;
- Monthly checks must be made to ensure that payroll transactions accurately reflect the school's records. The checks should;
  - Ensure that additional hours' claims are validated and copies are retained for comparison with the payroll reports;

- Monthly payroll report should be reconciled to the payroll direct debit to ensure the accuracy of the deductions from the school's bank account;
- Monitored to verify accuracy of pay entitlement for contract staff;
- Monitored to verify accuracy of pay entitlement for additional hours.

### 10.3 Third Party Payroll Provision

The trust operates payroll administration under a Service Agreement with Dataplan Payroll Ltd. Processing and authorisation of payroll should be separated. Recommended authorisations are as follows;

|                  |   |
|------------------|---|
| Headteacher      | Authorise Payroll (in the absence of the BM)<br>View Payroll Reports          |
| Business Manager | Submit payroll changes<br>Authorise Payroll<br>View Payroll Reports           |
| Payroll admin    | Administrates payroll input<br>Submit Payroll changes<br>View Payroll Reports |

#### Service Agreement - Payroll

The agreement between the trust and the payroll provider is available on request and includes clear responsibilities including;

- Payments by secure BACs transfer
- Monthly payments with ad-hoc payments on request in writing by the school
- Clear deadline dates for submission of payroll input information by schools
- Salary payment date to staff
- Submission dates for pension and HMRC payments
- Preparation of end of year returns
- Personnel authorised to instruct on starters and leavers at the school
- Personnel authorised to make changes to payroll
- Personnel authorised to access payroll data
- Reports provided by payroll provider
- Agreed format for providing payroll input information
- Back-up provision
- Indemnification in the event of loss or corrupted data

### 10.4 Payment of persons self-employed

When appointing consultants, advisors, trainers, instructors or other individuals supplying services to the trust, the employment status of the individual **must** be determined and evidence of that status obtained through HMRC 'Employment Status Indicator'. Records should be retained for audit purposes.

## Policies linked to this document

Charging and Remissions  
Reserves and Investments  
Anti-Fraud, corruption and bribery  
Staff Expenses

## Appendix 1: Lettings Policy

The Headteacher is responsible for all matters concerning lettings and may delegate management and administration arrangements to the Business Manager. Facilities will only be let where there is no school use required.

The aim of the lettings policy is twofold: to generate income for the education of pupils; and to enable the provision of community facilities.

No facility will be let to any person or organisation for a purpose, which in the opinion of the Headteacher is inconsistent with the aims and values of the school.

Where schools operate a dedicated sports centre provision, the income and expenditure from the sports centre should be administered and accounted for separately. Such provision will not be subsidised from the school budget, and shared costs will be clearly identified and apportioned/recharged.

No lettings will be subsidised from restricted funds provided for the education of the pupils. All hirers must demonstrate in advance of a booking confirmation, that they have adequate insurance to compensate the school for any damage they may cause.

Lettings requests should be appropriately administered to ensure audit trail between hirer commitment and income transaction. It is recommended that requests for lettings must have the following information;

- Hirer's name;
- Facilities required;
- Activity for which letting is required;
- Date(s), duration and frequency;
- Evidence of adequate Public Liability Insurance.

Schools should define a clear Lettings Charging Scheme that should be approved by the local governing body.

## Appendix 2 – Internal Audit

### Recommended schedule

| AREA   | TERM 1            | TERM 2         | TERM 3            |
|--|-------------------|----------------|-------------------|
| <b>Main focus</b>                                      | <b>Compliance</b> | <b>Systems</b> | <b>Compliance</b> |
| Audit framework (annual)                               |                   | Y              |                   |
| Last Internal Audit Report (each visit)                | Y                 | Y              | Y                 |
| Budget planning, monitoring and reporting (each visit) | Y                 | Y              | Y                 |
| Financial oversight and control (annual)               |                   | Y              |                   |
| Governance (annual)                                    |                   | Y              |                   |
| Risk management (annual)                               |                   | Y              |                   |
| Purchasing (twice per annum)                           | Y                 |                | Y                 |
| Income (twice per annum)                               | Y                 |                | Y                 |
| Payroll (twice per annum)                              |                   | Y              | Y                 |
| Cash and control (twice per annum)                     | Y                 |                | Y                 |
| Assets (annual)  |                   | Y              |                   |
| Leases (annual)  |                   | Y              |                   |
| Catering (risk based)                                  |                   |                | Y                 |
| Lettings (risk based)                                  |                   |                | Y                 |
| Pupil premium (annual)                                 | Y                 |                |                   |
| Benchmarking (annual)                                  | Y                 |                |                   |

## Appendix 3 – Monthly Trust Submission

**Submission Date:** 10<sup>th</sup> of the following month

| <b>Report</b>   | <b>Location</b>  |
|---|--|
| Management Accounts Report<br>MLT-SOP-FIN-006   | Trust Template   |
| KPI Report  | HCSS Budgeting   |
| Nominal Activity<br>(Transaction Listing by Ledger Code)                                    | HCSS Accounting/Reports/Financial/<br>Transaction Listing by Ledger Code |
| Bank Reconciliation Report<br>MLT-SOP-FIN-001<br><br>All bank accounts including petty cash | HCSS Accounting  |
| VAT Return Report   | HCSS Accounting  |
| Cashflow forecast   | Trust Template   |
| Balance Sheet Reconciliations   | Trust Template   |
| Apprenticeship Levy Payment Value for<br>current month                                      | Payroll Report   |
| Payroll Report & Payroll Journal  | Payroll Provider & HCSS Accounting                                       |
| Aged Debtors/Creditors Report   | HCSS Accounting  |
| Fixed Asset Schedule  | Trust Template   |
| Finance Tracker (inc. gifts and donations<br>information)<br><br>Year end only              | Trust Template   |

## Appendix 4 –Procurement and Tendering Policy

### Quotation and Tendering

The minimum required numbers of quotations or tenders from appropriate contractors for a given estimated value of contract are:

- Below £1,000 two verbal quotations
- Above £1,000 but less than £25,000 three written quotations
- Above £25,000 the process for formal tender will apply with four tenders being required up to EU threshold value. This does not apply to educational visits and trips however such cost trips/visits should have appropriate authorisation by the Finance Committee and be recorded accurately.
- Over EU thresholds, five tenders. The Trust will access in the first instance government procurement frameworks. Where such frameworks do not provide for the Trust's requirements, the Official Journal of the European Union (OJEU).

The values are for single items or groups of items, which must not be disaggregated artificially.

The sterling equivalents of EU thresholds (net of VAT) from 1/1/18 are £181,302 for supplies and services £4,551,413 for works. The sterling equivalents are changed on 1 January of each even-dated year.

*For tenders expected to exceed EU thresholds, advertisements must also be placed in OJEU (the Official Journal of the European Union) and must follow EU procurement requirements with particular regard to be given to the timescale for such tenders.*

### Procedures

Where Schools have a need to tender for goods and services in excess of £25,000 they should first seek advice from the Trust to establish the availability of existing tender frameworks through public procurement services e.g. Deals for Schools, Crown Commercial Services (CCS), Crescent Procurement Consortium (CPC). Where the framework exists and meet the requirements of the school this should be the preferred route (note – specialist purchasing consortia perform extensive research in the procurement of best value goods and services having due consideration to the requirements of EU tender thresholds and the interests of public money).

Purchases with a value greater than £25,000 must be put out to formal tender. The following procedures must be followed in such circumstances:

1. A specification will be prepared, authorised by the Chair of Finance Committee and sent to at least three suppliers.



2. Where possible, the suppliers invited to tender should be drawn from reputable companies or approved list. Otherwise, invitations to submit tenders will be advertised in local newspapers and trade journals if appropriate. The invitations to tender will include:
  - (a) an introduction/background to the project;
  - (b) the scope and objectives of the project;
  - (c) any technical requirements;
  - (d) implementation details for the project;
  - (e) the terms and conditions of the tender; and
  - (f) the form and date of response to the school, or in the case of the building works, to the architect or quantity surveyor.
3. All responses should be addressed to the person leading on the tender exercise in a plain sealed envelope marked 'Tender' to arrive by a specified date. All replies must be kept sealed until the closing date.
4. At least three persons should be available to open the tenders. This will include the Business Manager and the CFO of the Trust.
5. All tenders will be opened at the same time and details of the contractor, quotation and any other details recorded at the time of opening.
6. No contractor will be allowed to amend the tender after the time fixed for receipt.
7. For purchases up to the tender threshold of £25,000, provided the expenditure is included in the budget, the decision as to which quotation to accept will be taken by the Headteacher, in consultation with the Business Manager and any other lead personnel working on the project. The decision will be reported to the Finance Committee.
8. For purchases exceeding £25,000, provided the expenditure has been budgeted for, a decision will be recommended by the Finance committee.
9. Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken by the Finance Committee, in line with their terms of reference and then ratified by the full governing body; and
10. The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the full governing body.

## Acceptance of Tender

The following points will be considered when deciding which tender to accept:

1. The overall price and the individual items or services which make up that price<sup>i</sup>.
2. Whether there are any hidden costs; that is additional costs which the school will have to incur to obtain a satisfactory product.
3. Whether there is scope for negotiation, while being fair to all tenderers.
4. The qualifications and experience of the supplier, including membership of professional associations.
5. Compliance with the technical requirements specified by the school.
6. Whether it is possible to obtain certificates of quantity.
7. The supplier's own quality control procedure; pre sales demonstrations, after sales service and, for building works, a six month defects period and insurance guarantees.
8. The financial status of the supplier.
9. References from other establishments.
10. Understanding & compliance with Health & safety, Construction (Design and Management) CDM regulations and Child Protection issues related to working on a school site

In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the documents of the lowest tender before making a recommendation to the school.

Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

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# Financial Scheme of Delegation

| Function                         | Members | Trust Board / Finance & Audit Committee | CEO (Accounting Officer)                              | CFO  | HR Director | Headteacher | LGB & Finance Committee | Business Manager   | Finance Officers | Budget Holders |
|----------------------------------|---------|---|---|--|-------------|-------------|-------------------------|--|------------------|----------------|
| <b>Reserves</b>                  |         | Approves policy                         | Liaises with TB regarding appropriate use of reserves | Monitors reserves in line with policy requirements and limits          |             |             |                         | Monitors reserves in line with policy requirements and limits          |                  |                |
|                                  |         |   |   | Oversees reserves fund and appropriate use in line with policy         |             |             |                         | Oversees reserves fund and appropriate use in line with policy         |                  |                |
| <b>Investments and borrowing</b> |         | Approval of investments and borrowing   | Internal approval and recommendation to TB            | Proposal of investment opportunities to AO                             |             |             |                         |  |                  |                |
|                                  |         |   |   | Oversee investment opportunities and requirements for borrowing        |             |             |                         |  |                  |                |
| <b>Taxation</b>                  |         |   |   | Ensures procedures comply to taxation regulations e.g. VAT, Income tax |             |             |                         | Ensures procedures comply to taxation regulations e.g. VAT, Income tax |                  |                |

| Function                               | Members  | Trust Board / Finance & Audit Committee  | CEO (Accounting Officer)   | CFO   | HR Director                                     | Headteacher  | LGB & Finance Committee  | Business Manager   | Finance Officers   | Budget Holders  |
|--|--|--|--|---|---|--|--|--|--|---|
| <b>Insurances</b>                      |  | Approves insurance cover   | Approves cover for presentation to TB                                  | Performs insurance tender exercise and due diligence of cover requirements.<br><br>Monitors claims against the policy and liaises with Insurers |   |  |  | Monitors claims against the policy and liaises with Insurers |  |   |
| <b>Accounting &amp; budget setting</b> | Approval of Trust Report and Annual Accounts and Financial Statement for submission to ESFA and Companies House and publication to the Trust website in line with statutory submission dates | Preparation of the Trust Report and Governance statement to form part of the Annual Accounts and Financial Statement | Sign off of budget and management accounts prior to committee approval | Ensure the preparation of annual budget for the Trust   | Ensures agreed staffing structures are in place | First approval of annual school budget and submission to Trust Board | Review and agree the annual budget for first approval at LGB and submission to Trust Board | Lead the preparation of annual budget                        | Supporting sound systems of financial control and the reconciliation of financial and banking transactions | Ensure budget allocations are efficiently and effectively managed to meet the priorities defined by the department improvement plan |
| <b>Accounting &amp; budget setting</b> |  | Final approval of school annual budgets  | Authorisation of management accounts for submission to Trust Board     | Review annual budgets with HT/BM termly and prior to submission to TB   |   |  | Ensure sound systems of financial control  | Ensure sound systems of financial control                    | Ensure sound systems of financial control  | Ensure sound systems of financial control   |

| Function            | Members | Trust Board / Finance & Audit Committee  | CEO (Accounting Officer)  | CFO  | HR Director   | Headteacher | LGB & Finance Committee  | Business Manager  | Finance Officers  | Budget Holders                       |
|---------------------|---------|--|---|--|---|-------------|--|---|---|--------------------------------------|
|                     |         | Receive and monitor management accounts and budget information for the Trust account and schools |   | Ensure the preparation of Annual accounts for presentation to Members  |   |             | Receive and monitor management accounts and budget information | Monitoring and control of budget and financial transactions to ensure accurate and up-to-date financial information to the school | Monitoring and control of budget and financial transactions to ensure accurate and up-to-date financial information to the school | Monitoring and control of own budget |
|                     |         |  |   | Ensure sounds systems of internal control across the Trust schools<br><br>Monitoring Trust budget and ensure preparation and presentation of Management Accounts |   |             |  | Submission of monthly financial information as directed in the Trust Standard Operating Procedures (SOPs)                         | Submission of monthly financial information as directed in the Trust Standard Operating Procedures (SOPs)                         |                                      |
|                     |         |  |   | Ensure monthly processes are performed consistently across the Trust schools   |   |             |  | Ensures Preparation of Management accounts  |   |                                      |
| <b>Remuneration</b> |         | Determines remuneration policy   | Performs Performance Management Reviews and makes recommendation to TB committee. | Ensures payroll systems are in place and monitored for efficiency in liaison with HR Director  | Recommends remuneration policy for consideration at TB<br><br>Oversight of payroll and pensions |             | Sets terms of reference for school committees                  | Oversees Monthly monitoring of payroll.   | Monthly monitoring of payroll.  |                                      |

| Function            | Members | Trust Board / Finance & Audit Committee             | CEO (Accounting Officer)                        | CFO  | HR Director                                       | Headteacher  | LGB & Finance Committee | Business Manager   | Finance Officers                                  | Budget Holders |
|---------------------|---------|---|---|--|---|--|-------------------------|--|---|----------------|
| <b>Remuneration</b> |         | Approves remuneration policy for publication to LGB |   | Oversees Monthly monitoring of payroll.  | Ensures pensions and payroll regulations are met. | Approves additional hours claims and expenses/mile age claims. |                         | Monthly checks on pension deductions and submission of pensions information to appropriate administering bodies.<br><br>Checks monthly payslips and authorises payroll run |   |                |
| <b>Audit</b>        |         | Set the Terms of Reference for committee            |   | Ensures checks and internal controls are in place and routine checks are performed by nominated person |   |  |                         | Ensures checks and internal controls are in place and routine checks are performed by nominated person   | Supports reconciliation                           |                |
|                     |         | Approves the Internal Audit framework               | Ensures internal and external audit is in place | Liaises with external auditors and internal audit  |   |  |                         | Engages with external auditors and internal audit  | Engages with external auditors and internal audit |                |
| Function            | Members | Trust Board / Finance & Audit Committee             | CEO (Accounting Officer)                        | CFO  | HR Director                                       | Headteacher  | LGB & Finance Committee | Business Manager   | Finance Officers                                  | Budget Holders |

| Function   | Members | Trust Board / Finance & Audit Committee                                    | CEO (Accounting Officer)        | CFO   | HR Director | Headteacher                                   | LGB & Finance Committee  | Business Manager   | Finance Officers  | Budget Holders   |
|--|---------|--|---------------------------------|---|-------------|---|--|--|---|--|
| <b>Assets</b>  |         |  |                                 | Ensure the control of asset recording – maintain accurate and up-to-date information. |             |   |  | Ensure accurate and up-to-date asset register and inventory of items | Support the control asset recording and accurate and up-to-date information is maintained | Manage the security of assets within area.                                 |
|  |         |  |                                 |   |             |   | Approval of disposals and obsolete equipment                                   | Ensuring appropriate systems for management are in place             |   | Ensure notification of disposals and obsolete items to financial services. |
| <b>Procurement and Tendering (Trust only)</b>                    |         | Approve procurement & tender of goods and services in excess of £25,000    | Approval of orders upto £25,000 | Approval of orders upto £15,000<br><br><b>Items must not be split</b>                 |             |   |  |  | Approval of orders upto £2,500  |  |
| <b>Procurement and Tendering (Schools)</b>                       |         | Approve the procurement/ tender of goods and services in excess of £25,000 |                                 | Monitors the internal systems to ensure compliance to Trust Policy                    |             | Review and recommend procurement upto £25,000 | Review and approve the procurement & tender of goods and services upto £25,000 | Approval of procurement orders upto £15,000.                         | Approval of orders upto £2500   | Authorisation of departmental requisition                                  |
| Orders <b>must not</b> be split to achieve authorisation levels. |         |  |                                 | Prepares tenders and monitors to ensure compliance to Trust policy                    |             |   |  | Prepares tenders and monitors to ensure compliance to Trust policy   |   |  |



| Function  | Members | Trust Board / Finance & Audit Committee | CEO (Accounting Officer) | CFO   | HR Director | Headteacher   | LGB & Finance Committee | Business Manager   | Finance Officers   | Budget Holders                              |
|---|---------|---|--------------------------|---|-------------|---|-------------------------|--|--|---|
| <p><b>Payments</b></p> <p>Payments <b>must not</b> be split to achieve authorisation levels.</p> <p>cheques must have two signatories with main signature being within delegated limit)</p> |         |   |                          | Authorises payment - No limit (must have a second approver in the process). |             | Authorises payment - No limit (One of two authorisers). |                         | Upto £70,000 (requires a second approver in the process) | Authorises goods received to order quantities. Receives GRN matches to order and processes | Authorises invoices against goods received. |
|   |         |   |                          | 2 <sup>nd</sup> Authoriser BACS   |             | 2 <sup>nd</sup> Authoriser BACS                         |                         | 2 <sup>nd</sup> Authoriser BACS                          | 1st or 2nd Authoriser  |   |

<sup>i</sup> Where goods or services are provided by individuals or organisations connected to the Trust, such items **must** be provided at ‘no more than cost’ for items in excess of the *de minimus* threshold of £2,500, on the basis of an open book agreement and supported by statements of assurance.