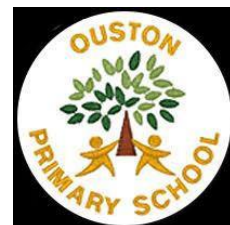


JIGSAW LEARNING TRUST FINANCIAL REGULATION MANUAL



This document sets out the regulations for the academy trust

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Introduction

1. The purpose of this manual is to ensure that the trust maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education Skills Funding Agency (ESFA).
2. The academy trust must comply with the principles of financial control outlined in the Academies Financial Handbook. This manual expands on that and provides detailed information on the academy's accounting procedures and should be read by all staff involved with financial systems.

Organisation

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

Trust Board

Finance/Audit Committee

Head teacher/Accounting Officer

Finance Director

Business Manager

The Trust Board

4. The trust board has overall responsibility for the administration of the trusts finances. It is responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.
5. The main responsibilities of the trust board are prescribed in the Funding Agreement between the trust and the DfE and in the Academy's scheme of governance. The main responsibilities include:
 - ensuring that grant from the DfE is used only for the purposes intended
 - approval of the annual budget
 - appointment of the Head Teacher
 - appointment of the Finance Director, in conjunction with the Head Teacher.

- authorising the award of orders and contracts over £25,000

The Finance Audit Committee

6. The Finance /Audit Committee is a committee of the trust board. The Finance / Audit Committee meet at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance / Audit Committee are detailed in written terms of reference which have been authorised by the trust board. The main responsibilities include:
- the initial review and authorisation of the annual budget
 - the regular monitoring of actual expenditure and income against budget
 - ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
 - authorising the award of orders and contracts above £10,000 and up to £25,000
 - reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full trust board.

The Head teacher/Accounting Officer

7. Within the framework of the Trust strategic plan, the Academy development plan is approved by the trust board. The Head Teacher has overall executive responsibility for the Trusts activities including financial activities and also acts as the chief executive of the academy trust. AT accounting offices are personally responsible to Parliament and to the accounting officer of the ESFA for the resources under their control. They are responsible for the propriety and regularity of the public finances for which they are answerable. They must be able to ensure Parliament and the public of high standards of probity in the management of public funds. Much of the financial responsibility has been delegated to the Finance Director but the Head Teacher still retains responsibility for:
- approving new staff appointments within the authorised establishment, except for any senior staff posts which the trust board have agreed should be approved by them
 - authorising contracts and orders up to £10,000.
 - signing cheques up to £10,000 in conjunction with the Finance Director or other authorised signatory. Two signatories are required on all cheques.

The Finance Director

8. The Finance Director works in close collaboration with the Head Teacher through whom he or she is responsible to the governors. The Finance Director also has direct access to the governors via the Finance Committee. The main responsibilities of the Finance Director are:
- the day to day management of financial issues including the establishment and operation of a

suitable accounting system

- the management of the trusts financial position at a strategic and operational level within the framework for financial control determined by the trust 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 trust
- the preparation of monthly outturn reports for the Finance and General Purposes Committee
- preparation of the annual budget
- authorising orders below £10,000 in conjunction with the Head Teacher
- signing cheques up to £10,000 in conjunction with the Head Teacher or other authorised signatory. Two signatories are required on all cheques.
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

Other Staff

9. Other members of staff, primarily the Business Manager and the Admin Assistant will have some delegated financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the trusts financial procedures.

Financial Planning

10. The academy trust prepares rolling 3 to 5 year budgets.

The budget cycle

11. The budget cycle is as follows:
 - Autumn term (Sept – Dec)
 - Implementation of current budget plan
 - Monitoring expenditure (continuous-monthly)
 - Reconciliation and closure of previous financial year
 - Spring term (Jan – Mar)
 - Monitoring and Reviewing of year's budget
 - Revised Budget where appropriate
 - Pre-planning new financial year
 - Summer term (Apr – Aug)
 - Planning for forthcoming year

- Preparation and submission of financial budget plan
- Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

Budget

12. The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head teacher, Finance Committee and the trust board.
13. The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
14. The budgetary planning process will incorporate the following elements:
 - forecasts of the likely number of pupils to estimate the amount of General Annual Grant
 - latest estimate of other ESFA funding e.g. pupil premium, or other specific funds
 - review of other income sources available to the academy to assess likely level of receipts
 - review of past performance against budgets to promote an understanding of the academy cost
 - identification of potential efficiency savings
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
 - all carry forward balances
 - any unspent grants from the previous financial year
 - any funds held in Trust
15. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where 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 a contingency or alternatively allocated to areas of need in accordance with the Development Plan.
16. The approved budget is then entered onto the finance system at the start of the new financial year.

Other Government Funding

17. In addition to GAG funding from ESFA the trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

Other Grants and specific funding

18. In addition to the GAG funding from the ESFA the academy/MAT and other government funding, the academy/MAT may be awarded additional grants from time to time relating to specific projects

e.g. Sport England Funding, Football Foundation Funding, and Charitable Grants etc. All applications for additional external funding must be approved and supported by the Board of Governors/Trustees. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

19. The Finance Director is responsible for recording income and expenditure for each grant, providing reconciliation within the monthly outturn.

Funds held in Trust

20. Where funds are held in trust the Finance Director is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

Virements

21. Substantial virements shall be approved and minuted by the Finance Committee/LGB and should be within the agreed criteria and financial limits.
22. The Finance Director is given delegated power to vire from one budget to another and shall seek approval from the Finance Committee/LGB and retrospectively where the amount exceeds £10,000.
23. All virements exceeding £10,000 of the budget shall require prior approval from the Finance Committee/LGB within agreed limits.

Revised Budget

24. Monitoring and analysis of the agreed budget should be carried out on a monthly basis by the Accounting Officer and Finance Director and reports forwarded to the Board of Governors/Trustees. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Finance Committee and or where significant staff changes have occurred in-year, then a Revised Budget should be prepared and approved by the Board of Governors. This Revised Budget should then form the basis of analysis of all income and expenditure until the financial year end.

Budget Forecast Return

25. The approved budget must be submitted to ESFA by 31 July each year by The Finance Director.

Monitoring and review

26. Monthly Management Accounts are prepared by the Finance Director. The reports include:
 - Income and Expenditure account including analysis of variations
 - Debtors/Creditors
 - Cash Flow
 - Balance Sheet
27. Any potential overspend against the budget must in the first instance be discussed with the CEO
28. The monthly reports are sent to the Chair of the Trust and to the Chair of Governors and discussed at finance committee meetings.

Review of regularity

29. The Principal (in their role as Accounting Officer) reviews the following documents termly to ensure the academy trust is working within the boundaries of regularity and propriety:
- reviews monthly outturns
 - reviews compliance against the scheme of delegation
 - reviews transactions for evidence of connected party transactions
 - value for money practice
30. An internal review of systems and procedures is undertaken on a termly basis, this work is carried out by JGT Internal Audit Services. The following areas reviewed are:
- Awareness of and compliance with laid down rules and procedures (including compliance with the Academy Trust Handbook);
 - Governance
 - Anti-fraud and corruption measures;
 - Financial planning, monitoring and reporting;
 - Collection, recording and banking of income;
 - Expenditure, including payroll administration; and
 - Accounting arrangements
 - Management Accounts
 - Data and IT arrangements
31. A checklist is completed for each review undertaken.

Annual accounts

32. The academy trust must prepare annual audited financial statements for the accounting period to 31 August.
33. The accounts are outsourced to our auditors for preparation.
34. The accounts are then submitted as follows:
- by 31 December – to ESFA
 - by 31 January – published on our own website
 - by 31 May – to Companies House

Value for money statement

35. As part of the annual accounts the trust must include examples of value for money.

36. The Finance Director is responsible for collating the examples which are then confirmed by the finance committee.

Audit arrangements

37. External auditors must be appointed in accordance with the Trust Academy Handbook.
38. The Finance Director is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

Work undertaken during accounting period

39. The Finance Director is responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:
- reviewing the structure of the trial balance
 - maintaining a fixed asset register
 - maintaining income and expenditure records (including filing of invoices)
 - reviewing aged debtors for any provisions required
 - maintaining a record of governors/trustees interests, related and connected party transactions
 - control account reconciliations (bank, wages, debtors, creditors)
 - Monitoring & reporting to the Accounting Officer and Board of governors/trustees

Work undertaken for the year end

40. The Finance Director is responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:
- year-end stock value
 - Accruals, pre payments & Deferred Income
 - control account reconciliations (bank, wages, debtors, creditors)
 - close down of the purchase ledgers
 - close down of the Sales ledgers and aged debtors
 - pension valuations
 - Pension Audit
 - Accounts to Trail Balance
 - Completion of PBC

Accounts Return

41. The academy trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by 31 January.
42. The accounts return is outsourced to our auditors for preparation

Document retention

43. Documents are retained for the following amount of time:
- Finance records – current year plus preceding 6 years
 - Supply cover insurance – current year plus preceding 6 years
 - Payroll and travel records – current year plus preceding 6 years
 - Personnel records – 5 years after an employee has left
 - All student files until the student reaches the age of 21

Accounting system

44. All the financial transactions of the academy trust must be recorded into PS Financials, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:

Journals

Nominal Ledger

Bank

Transactions

Accounts Payable (Purchases Ledger)

Accounts Receivable (Sales Ledger)

Purchasing and Procurement

Automatic update

Manual update

System Reports

Payroll

System Access

45. Access to the system is password restricted and controlled by the Finance Director.

Back-up Procedures

46. The Trust is responsible for ensuring that there are effective back up procedures for the system. Data is backed up on a suitable medium or server and the copies stored in a secure place (in a fireproof container). Back-up copies are taken on at least a daily basis for Admin functions and a weekly basis for curriculum functions.
47. The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data. Copies are held in the fire proof container.

Transaction processing

48. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.
49. All journal entries are authorised by the Head teacher, prior to being input to the accounting system.
50. Bank transactions are input by the Finance Director and reviewed by the Head teacher.

Reconciliations

51. The Finance Director is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
 - sales ledger control account
 - purchase ledger control account
 - payroll control account
 - VAT control account
 - bank balance per the nominal ledger to the bank statement
52. The Head teacher signs all reconciliations as evidence of review.

Cash Management

Bank Accounts

53. The following procedures must be followed when opening a bank account and operating it:
 - the trust is responsible for selecting the banking institution and negotiating the terms and conditions
 - the trust board must authorise the opening of all bank accounts
 - The Trust will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
 - terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted
 - the trust must ensure there are sufficient funds to cover large payments

Deposits

54. A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:
 - the amount of the deposit
 - a reference (for example the number of the receipt or the name of the debtor)
55. The Finance Director is responsible for updating the accounting system prior to every month end for deposits placed.

Payments and withdrawals

56. All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Head teacher
 - Deputy Head teacher
 - Director of Finance
 - Business Manager
57. This provision applies to all accounts, public or private, operated by or on behalf of the trust board of the academy including funds held in trust.

Administration

58. The Finance Director ensures 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's cash book
 - reconciliations are prepared by the Finance Director.

Petty Cash

59. The academy trust does not operate a petty cash system.

Payments

60. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

E-procurement & Payments

61. The school credit card is used only when it is not practical to use the purchase order/cheque system. It is used mostly but not limited to internet purchases and to buy refreshments for meetings and staff inset days.
62. The card is only used by the:
- **Headteacher**
 - **Finance Director**
 - **School Business Manager**
63. The credit cards must only be used for legitimate business purposes and all expenditure incurred must be in accordance with procurement policies and procedures. Occasionally the credit card is used to purchase items where it is not possible to order this elsewhere. This must be recorded and countersigned by the Head teacher and Finance Director.
64. When the credit card bill arrives the School Business Manager will reconcile each entry against an invoice or receipt.
65. The credit card bill, along with all the relevant receipts and invoices are then given to the Finance Director who will check the statement and sign and authorise. This information is then input onto the trusts accounting system as part of the monthly bank reconciliation process.

BACS Payments

66. On receipt of an invoice, the Finance Director and Headteacher signs the invoice, to signify:
- an official purchase order has been raised for the purchase
 - the delivery note has been checked
 - the delivery is of correct quantity, quality and price
 - it has not been previously paid
 - funds are available in the relevant budget
 - VAT chargeability on qualifying expenditure is shown
67. The payment is then prepared through the accounting system and the BACS payment processed, it is then authorised by two of the cheque signatories who check in ensure that the bank and sort codes have been correctly entered and approves payment.
68. Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.

Investments

69. Investments are made in accordance with written procedures approved by the trust board.
70. All investments are 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.

Reserves

71. Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year.
72. The Headteacher as Accounting Officer must inform ESFA immediately if a deficit is anticipated.
73. If the academy trust is anticipating a deficit at the end of any financial year, the trust board, Head teacher and Finance Director have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The trust board must ensure that a recovery plan is submitted and approved by the ESFA.
74. Governors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Governors will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.
75. The governors have determined that the appropriate level of free reserves should be equivalent to at least 1 month's cash in hand as working balances to cover salaries and monthly expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

Capital Reserves

76. Any overall surpluses at the end of the year are carried over to the following year.
77. It is the responsibility of the Finance Director to keep accurate records of the capital funds, especially where grants have been received for capital projects.

Payroll

Staff Appointments

78. The trust board has approved a personnel establishment for the academy trust. Changes can only be made to this establishment with the express approval in the first instance of the Personnel Committee who must ensure that adequate budgetary provision exists for any establishment changes.
79. The Headteacher has authority to appoint staff within the authorised establishment except for the Deputy Head teacher and Finance Director whose appointments must follow consultation with the governors/Trustees. The Finance Director along with the School Business Manager maintains personnel files for all members of staff which include contracts of employment.
80. The Finance Director/School Business Manager is responsible for obtaining the relevant DBS checks and ensuring these are retained on file

Payroll Administration

81. Payroll is administered through the academy trust's payroll provider which is outsourced to Sunderland City Council.
82. All staff are paid monthly through the payroll provider on the 21st of each month. A master file is created for each employee which records:
 - salary
 - bank account details
 - personal details
 - any deductions or allowances payable
 - other legal and relevant details
83. The School Business Manger must complete a monthly staff return which provides details for all staff in the section of sickness and other absences during the month and any new appointments or terminations. The staff return must be authorised by the Head teacher or Finance Manager and forwarded to the payroll section for processing.
84. Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the Head teacher or Finance Director before being forwarded to payroll for processing.

Payments

85. Before payments are dispatched a printout of all data should be obtained from the payroll provider

and this should be checked against source documentation held by the Finance Director and then reviewed and initialled by the Headteacher.

86. All salary payments are made by BACS.
87. The Finance Director prepares a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed and signed by the Headteacher
88. 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 on the gross to net pay print and cheques for these amounts are carried out by the Finance Director and authorised for payment by the Head teacher. Any anomalies/inaccuracies are investigated and rectified in the following month's payroll run.
89. The Finance Director selects at least three employees at random each month and checks the calculation of gross to net pay to ensure that the payroll system is operating correctly.
90. After the payroll has been processed the nominal ledger will be manually updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Director should 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 updated and to identify any amounts posted to the suspense account.

Salary advances

91. The trust will only consider a salary advance in exceptional circumstances.

Overtime

92. Overtime is recorded by the individual and claim forms submitted to the Head teacher, Deputy or Finance Director for authorisation. Claim forms must not be submitted prior to work having been undertaken.
93. No payments for work undertaken will be made other than via the payroll system.

Severance payments

94. The academy trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment.
95. Where the non-contractual element is on or over £50,000 prior approval from ESFA must be sought.
96. The Accounting Officer must sign off and review each business case.

Ex-gratia payments

97. Any ex-gratia payments must be made in line with the Trust Academies handbook and submitted to ESFA for prior approval.

Income

ESFA grants

98. The main sources of income for the academy are the grants from the ESFA and Local Authority. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the academy are collected.

Other grants

99. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the academy are collected.

Trips

100. A lead teacher must be appointed for each trip to take responsibility for the risk assessments; office staff are responsible for the collection and banking of monies. Each class will have a payment and permission sheet for the trip and pupil payments will be recorded as and when received. Money received by class teachers must be sent along to the school office on a daily basis. (Unless trip is part of the curriculum all parent contributions are voluntary)
101. The School Office should maintain an up to date record for each student showing the amount paid and the amount outstanding. The school office is responsible for chasing outstanding amounts.
102. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Head teacher in advance of the booking being made.
103. Payments for school trips can be made either by Cash, Cheque, Direct Payments or through Parent Pay (School Money).

Catering

If cash payments

104. Reception, Year 1 and Year 2 school children are entitled to a universal free school meal, nursery children and children aged 7 to 11 continue to pay for a school meal. Parents can pay online through Parent Pay (School Money) by direct debit, bacs payment, through the childcare voucher scheme or by cash or cheque on a monthly basis. Cash and cheque payments are handed into either the school office or class teacher.
105. Payments are recorded on pre-printed sheets (pupils) or pre-printed staff payment log which are then uploaded onto the Sims dinner money module. Balances are checked on a regular basis and any outstanding payments are chased up by office staff.
106. Prior to banking a return is printed from Sims and cross referenced with pre-printed cash sheets and cash collected. Once sheets are reconciled the return is authorised on Sims, printed and attached to banking information which is then uploaded into the Trusts accounting system.

If electronic cash collection

107. Bank credits are recorded to the lunch records by the Finance Director and input into Sims by the Business Manager this is reconciled to the PS Accounting system as part of the bank reconciliation process on a monthly basis.

Out of School Clubs

108. Out of school clubs are offered on a termly basis and paid for in advance. Once clubs are finalised letters are sent to parents advising which clubs their child has been allocated and the total cost of the clubs. Pre-printed sheets are produced for each club and amounts recorded against the children's names as monies are received. Payments can be made online through School Money or by cash or cheque to the school office or via the class teacher.
109. All monies collected will be reconciled against the payment sheets and recorded on the Trusts accounting system prior to banking.

Lettings

110. The SBM is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities..
111. Details of organisations using the sports facilities should be sent to the Business manager who will draw up a lettings agreement. The Business Manager is responsible for raising invoices and chasing outstanding debts and ensuring no further use is made of the facilities unless payment has been made.
112. No debts should be written off without the express approval of the trust board (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).
113. Copies of the organisations up to date relevant Public Liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements.
114. **Income received into school is manually recorded receipts are not automatically given but will be issued upon request.**

Bad debts

115. Write offs need to be in line with the delegated authorities set out in the Academies Financial Handbook. ESFA approval must be obtained for transactions beyond these delegated limits before writing off debts and losses and entering into guarantees, letters of comfort or indemnities.
116. The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.
117. If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the Finance Director submits a report to the Head teacher for approval of write off.
118. The following write off limits apply:

- Up to £500 – Head teacher/Accounting Officer
- £501 to £1000 – Finance committee
- Over £1000 – Full trust board and refer to debt collecting agency

Purchasing

119. The academy trust must achieve value for money on all purchases. A large proportion of our purchases are paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:
- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy
 - Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs
 - Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis

Routine Purchasing

120. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Finance Director or Headteacher.
121. All orders must be recorded on a manual requisition form and approved by one approved signatory before being recorded on the trusts finance system; orders up to £1000 by the Finance Director/School Business Manager and for those above £1,000 by the Head teacher.
122. The requisitioner must make appropriate arrangements for the delivery of goods to the Academy. On receipt the requisitioner 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 should be discussed with the supplier of the goods without delay.
123. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Director should be notified. The Business Manager will keep a central record of all goods returned to suppliers.
124. All invoices received will be matched against the order and the GRN and the quantity and value of goods will be checked. The GRN and the copy order will be attached to the invoice. Signed approval for the invoice to be paid will be required; up to £1000 by the Business Manager and above that value by the Head teacher and Finance Director. The Business Manager /Finance Director will then enter the invoice onto the trusts finance system.
125. In some instances non order purchase invoices are processed before an official purchase order is raised, e.g. energy bills, supply and for orders placed over the internet or by telephone. We will endeavour to keep these orders to a minimum.
126. There are other revenue services which will be provided on a regular basis by outside suppliers but which for practical purpose cannot be processed through the system for payment in the above manner. Nevertheless they are still subject to internal control processes.

127. Examples of such services are transport, contract cleaning, catering, security, insurance and utilities. In the case of these services the terms of the service are negotiated with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing the invoice.
128. These contracts should be negotiated on the best terms available by the Head Teacher and Finance Director and then authorised by either the Head Teacher if up to £10,000 or the Finance and General Purposes Committee if more than £10,000 and up to £25,000.
129. These invoices are verified against the contracted arrangements and approved by the appropriate signatories.

E-procurement

130. Occasionally the credit card is used to purchase items online where it is not possible to order this elsewhere. These purchases must be authorised by the Head teacher, Finance Director or SBM.

Orders

131. BACS payments are input by the Finance Director and authorised on-line by two signatories in accordance with trust policy.

Orders up to £10,000

132. Ensure value for money is achieved (considering materiality, written quotations, previous experience, partner schools recent quotation). Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

Orders over £10,000 but less than £70,000

133. At least three written quotations should be obtained. Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance and General Purposes Committee highlighting the relevant issues and recommending a decision.

Orders over £70,000

134. All goods/services ordered with a value over £70,000, or for a series of contracts, which in total exceed £70,000 must be subject to formal tendering procedures. Purchases over £173,934 (threshold from Jan 2012) may fall under EU procurement rules, which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.

Goods and services for private use

135. No goods are ordered or services provided to include any elements of private use by governors and staff.

Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The Finance Director must discuss and agree 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'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.

Preparation for Tender

137. Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

138. 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.

139. A tender brief must always be prepared.

Invitation to Tender

140. 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.

141. An invitation to tender should 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
- form of response
- dates for decision and work to be delivered

Tender Acceptance Procedures

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

Tender Opening Procedures

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

- For contracts over £70,000 - the Headteacher, Finance Director plus a member of the Trust board.

144. Separate record details the names of the firms submitting tenders and the amount tendered. The record is signed by both people present at the tender opening.

Tendering Procedures

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

146. 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.

147. Full records should be kept of all criteria used for evaluation for contracts over £70,000 a report should be prepared for the Trust board highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance & Resources Committee.

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

Leasing

149. Trusts must obtain ESFA approval for taking up any kind of finance lease as this is a form of borrowing.
150. Operating leases are not a form of borrowing and do not require ESFA approval.

Insurance

151. The Finance committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises.
152. The Trust has opted in to the Department for Education's Risk Protection Arrangements.

Governors/Trustees Expenses

153. All governors/Trustees of this academy trust are entitled to claim the actual costs, which they incur as follows:
 - the cost of travel/overnight stays relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel.
 - telephone charges, photocopying, stationery, postage etc.
154. The Trust board acknowledges that:
 - Governors/Trustees are not be paid attendance allowance
 - Governors/Trustees are not reimbursed for loss of earnings
155. Governors/Trustees wishing to make claims under these arrangements, must complete a claims form from the School Business Manager together with the relevant receipts. The form must be submitted within two weeks of the date when the cost were incurred.
156. Claims will be subject to independent audit and may be investigated by the Chair of Governors (or Chair of Finance in respect of the Chair of Governors) if they appear excessive or inconsistent.

Gifts

157. Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 are reported to the Accounting Officer in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses (see Anti-Fraud, Bribery & Corruption Policy for further details).
158. Gifts that have been reported are entered onto the gifts and hospitality register.

Energy Management

159. The Trusts site supervisors are responsible for recording, monitoring and analysing water, gas and electricity consumption on a monthly basis .
160. All staff has the responsibility to work in an energy efficient manner at all times (e.g. turning off computers, lights and heating when not required).

Fraud

161. The trust does not tolerate fraud. Where instances of fraud are found the Accounting Officer will notify the ESFA. (*see Trusts Anti-Fraud & Corruption Policy*)
162. Trustees are committed to establishing and maintaining effective reporting arrangements to ensure that, where an individual, whether an employee, Governor or any member of the public, has serious concerns regarding the conduct of any aspect of the academies business, they can do so through a variety of avenues, promptly and in a straight forward way (*see Trusts Whistleblowing Policy*)

VAT

VAT 126 form

163. The Finance Director is responsible for submitting the VAT 126 return on a monthly basis, this is completed at Trust level for all constituent academies.

Fixed assets

Asset register

164. All items purchased with a value over the academy's capitalisation limit of £500 must be entered on the fixed asset register with the following details:
 - asset description
 - asset number
 - serial number
 - date of acquisition
 - asset cost
 - expected useful economic life
 - depreciation
 - current book value
 - location
165. The asset register helps:
 - ensure that staff take responsibility for the safe custody of assets
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
 - to manage the effective utilisation of assets and to plan for their replacement

- help the external auditors to draw conclusions on the annual accounts
- support insurance claims in the event of fire, theft, vandalism or other disasters

166. Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment

Security of assets

167. All the items in the register are permanently and visibly marked as the trust's property.

168. Equipment is, where possible, stored securely when not in use.

169. An annual count is undertaken by the School Business Manager who is different from the preparer of the asset register. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the trust board.

Disposals

170. Other than land, buildings and heritage assets, trusts can dispose of any other fixed asset without ESFA approval. Disposals, where applicable, are in line with the Academies Financial Handbook.

Loan of Assets

171. Items of academy property must not be removed from academy premises without the authority of the Principal. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

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

Appendix A

Delegated Authorities:

Financial freedoms and limits that apply to academy trusts.

3.1 Autonomy and approval

The academy trust has autonomy over financial transactions arising in the normal course of business. However, some transactions have delegated authority limits beyond which trusts **must** obtain approval from ESFA See appendix B for a schedule of freedoms and delegations.

Disclosure

3.1.2 Irrespective of whether ESFA approval is required, the academy trust **must** disclose aggregate figures for transactions of any amount, and separate disclosure for individual transactions above £5,000, in its audited accounts for the following transactions:

special payments – compensation

special payments – ex gratia

writing off debts and losses

guarantees, letters of comfort and indemnities

acquisition or disposal of a freehold of land and buildings

disposal of heritage assets

taking up or granting a leasehold on land and buildings

gifts by the trust

3.1.3 The following transactions **must** be disclosed in total, and individually:

special payments – staff severance, of any value

Appendix B

Schedule of freedoms and delegations

Novel, contentious and repercussive	Novel, contentious and repercussive transactions	ESFA agreement required 5.5
Special payments	Staff severance and compensation	ESFA agreement required if £50,000 or more before tax 5.10 and 5.15.
	Ex gratia payments	ESFA agreement required 5.18
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	ESFA consent required if exceeds 1% of annual income or £45,000 individually; or 2.5% or 5% of annual income cumulatively 5.19 and 5.20
	Entering into guarantees, indemnities or letters of comfort	ESFA consent required if exceeds 1% of annual income or £45,000 individually; or 2.5% or 5% of annual income cumulatively 5.19 and 5.20
Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	ESFA agreement required 5.23
	Disposing of a freehold on land/buildings	ESFA agreement required 5.23
	Disposing of heritage assets	ESFA agreement required 5.23
	Other disposals	Trust has full discretion 5.24
Leasing	Taking up a finance lease	ESFA agreement required 5.26
	Taking up a leasehold on land and buildings	ESFA agreement if lease term seven years or more 5.26.
	Taking up any other lease	Trust has full discretion 5.27
	Granting a lease on land and buildings	ESFA agreement required 5.26.
GAG	GAG carry forward	No limits if trust eligible 5.29.
	Pooling by trusts with multiple academies	No limits (except PFI) if trust eligible 5.30.
Borrowing	Loan, overdraft	ESFA agreement required 5.33
	Credit cards (for business use)	Trust has full discretion provided charges not incurred 5.33
Related party transactions	Supplies to the trust from related parties	ESFA agreement required over £20,000 and over associated limits in 5.42.

Appendix C

Top 10 Musts for Chairs and other Trustees

Personal responsibilities

Apply highest standards of conduct and ensure robust governance, comply with charitable objects, with duties as company directors, with charity law and the funding agreement.

Structures

Ensure the Board of trustees meets at least three times a year, and conducts business only when quorate.

Approve a written scheme of delegation of financial powers.

Relationships

Manage conflicts of interest, be even-handed with related parties, and ensure goods or services provided by them are at no more than cost, beyond the limits in this handbook.

Money and oversight

Ensure the Board approves a balanced budget for the financial year and minutes their approval.

Share management accounts with the chair of trustees monthly, with the other trustees six times a year, and consider when the Board meets, taking action to maintain financial viability.

Ensure decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable.

Appoint an audit committee (either dedicated or combined with another committee) to advise on the adequacy of the trust's controls and risks.

Accountability and audit

Submit audited accounts to ESFA by 31 December.

Ensure an appropriate, reasonable and timely response to findings by auditors, taking opportunities to strengthen financial management and control.