



Financial Handbook

Reviewed by the Trust Board Audit & Risk Committee – 6 March 2017

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Part One

CUMBRIA EDUCATION TRUST

Introduction

The purpose of this document is to ensure that the Cumbria Education Trust (the trust) develops and maintains sound systems of financial management which conform to the requirements of the Academies Financial Handbook. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State.

Each academy within the Cumbria Education Trust must comply with the principles of financial control outlined in the trust's Funding Agreements and the Academies Financial Handbook. This manual expands on those principles and provides detailed information on financial policies and procedures. This Finance Manual must be read by all staff involved with financial systems. Copies should be made available to staff as necessary. The Finance Manual provides a standardised approach to all finance related tasks within the trust and its academies.

Compliance with this Finance Manual is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer, which is the CEO.

All staff, including the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Managers, Finance Officers and the Finance Assistants, who deal with financial matters, are trained in the appropriate procedures. Records are kept of this training. All the duties of the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Officers and the Finance Assistants, are recorded and a note kept of who can carry out the various duties in the absence of the Accounting Officer, the Chief Financial Officer, Headteachers, Finance Officers and the Finance Assistants.

All staff are aware of the trust's whistleblowing policy and to whom they should report any concerns regarding malpractice and wrongdoing. Any suspected financial irregularity will be reported to the DfE (see Appendix G).

The trust's Audit and Risk Committee will be responsible for reviewing all controls and procedures of financial systems operating within the trust. A self-assessment of the financial administration and management within each academy is carried out at all levels by the Accounting Officer, the Chief Financial Officer, Headteachers, individual Audit and Risk Committees and the local advisory bodies.

1. ORGANISATION

The Cumbria Education Trust (the trust) is a multi academy trust. The trust is a company limited by guarantee. All academies within the Cumbria Education Trust are governed by the members and the Trust Board of directors.

Membership of the trust, and the composition of the board of directors, are both determined by the Articles of Association and subsequent appointments and resignations as they occur. The up-to-date list of members and directors can be viewed on the latest filed accounts (available online or in hard copy), or by request from the Company Secretary. Copies of the trust Articles of Association can be requested from the Finance Director or obtained online.

2. ROLES AND RESPONSIBILITIES

The main responsibilities of the trust are prescribed in the Funding Agreements with the Secretary of State. The key responsibilities include:

- ensuring that grants from the EFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of an CEO (as Accounting Officer)
- appointment of the Chief Financial Officer (Finance Director) in conjunction with the CEO
- ensure regularity, propriety and value-for-money in relation to the management of public funds.

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the company will be managed by the directors who may exercise all the powers of the company.

The trust has defined the responsibilities of key committees and staff involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability. The Committees that have responsibilities relating to the Academy finances are as follows:

- Trust Board
- Audit and Risk Committee
- Achievement and Climate Committee.

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the trust finances.

2.1 ROLE OF THE CEO

The CEO has overall responsibility for the trust's activities including financial activities. As Accounting Officer for the trust, the CEO is personally responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance

- keeping of proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks.

The essence of the role is a personal responsibility for:

Regularity - dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and this Handbook, and compliance with internal trust procedures. This includes spending public money for the purposes intended by Parliament;

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary, control. This covers standards of conduct, behaviour and corporate governance;

Value for money – this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but for taxpayers more generally.

The trust's Accounting Officer is required to comment on the above areas (regularity, propriety and value for money). This is part of the governance statement within the year end financial accounts, which are sent to the EFA each year and published on the Trust's website.

In practice, much of the financial responsibility is delegated to the Chief Financial Officer but the CEO still retains responsibility for:

- approving new staff appointments within the authorised establishment
- authorising orders, contracts and signing cheques / releasing payments in conjunction with other authorised signatory in accordance with the agreed Scheme of Delegated Financial Authority (Appendix 1)
- preparing budget plans in conjunction with the Chief Financial Officer
- implementing expenditure in line with the trust budget
- seeking trust approval for purchase orders or contracts in excess of delegated thresholds
- submitting reports to the trust giving details of income, expenditure and commitments to date
- ensuring any actions resulting from the annual audit are implemented

2.2 ROLE OF THE CHIEF FINANCIAL OFFICER

The Finance Director, as the trust's Chief Financial Officer, works in close collaboration with the CEO through whom they are responsible to the members. The Finance Director also has direct access to the directors and LAB members. The main responsibilities of the Chief Financial Officer are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the trust's Central budget and individual academies
- management of the trust financial position at a strategic and operational level within the framework for financial control determined by the members and directors
- preparation of budget plans in conjunction with the CEO and Headteachers
- the maintenance of effective systems of internal control
- maintenance of adequate fixed asset registers
- liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- the preparation of monthly management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet
- ensuring forms and returns are sent to the EFA in line with the timetable in the EFA guidance
- ensuring accounts are filed with Companies House in line with EFA and Companies Act 2006 guidance
- additional roles, some of which are not directly finance related, as outlined in the Finance Director's job description

2.3 THE ROLE OF THE FINANCE TEAM AND BUDGET HOLDERS

Other members of staff, primarily the Finance Managers, Finance Officers, Finance Assistants and departmental budget holders, will have some financial responsibilities and these are detailed in 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 trust's financial procedures.

3. DELEGATED AUTHORITY TO THE TRUST

The delegated authority over different categories of financial transactions is set out below from the EFA:

Liabilities and write-offs (or entering into guarantees or indemnities)

Academy Trusts may write off debts and losses, including any uncollected fines up to the following delegated limits (subject to a maximum of £250,000):

- 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 academy trusts 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 academy trusts that have submitted timely, unqualified financial returns for the previous two financial years

In relation to these limits, the amounts for write offs are before any successful claims from an insurer and total income is defined as grant income as disclosed in the trust's last set of audited accounts.

Beyond these limits the trust must seek and obtain explicit and prior approval of the Secretary of State (through the EFA).

Severance Payments

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

- the trustees must reasonably consider the proposed payment to be 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 contractual entitlement of £50,000 or more, prior approval will need to be sought from HM Treasury, via the EFA, before any such payment can be made. The trust in this situation should speak to their EFA contact at the earliest opportunity to discuss.

For the avoidance of doubt, the following examples illustrate where HMT approval would be required:

- statutory/contractual payment of £40k + enhancement of £20k = HMT approval not required
- statutory/contractual payment of £60k + enhancement of £20k = HMT approval not required
- statutory/contractual payment of £60k + enhancement of £50k = HMT approval required for the £50k enhancement only

Ex-Gratia Payments

Ex-Gratia payments are a further type of transaction that go beyond statutory or contractual cover. They include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy. EFA approval must always be sought prior to payment of any ex-gratia payments.

Asset sales, leases and tenancy agreements

There are two types of lease, as defined under relevant financial reporting standards. There are finance leases (which **are** a form of borrowing) and there are operating leases (which **do not** involve borrowing). If there is any doubt as to whether or not any particular lease does or does not involve an element of borrowing, the issue should be resolved by contacting the trust's external auditor.

Academy trusts must seek and obtain prior written approval from the Secretary of State, via the EFA, 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
- granting a leasehold or tenancy agreement on land or buildings to another party for any term

Academy trusts may take out and grant other types of lease (i.e. other than finance leases, leaseholds and tenancy agreements as described above), without the Secretary of State's approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require the Secretary of State's approval. Leases should be disclosed in trusts' annual accounts in accordance with the Academies Accounts Direction and disclosure requirements needed under FRS102, as outlined and explained in the EFA sample accounts ("Coketown").

If an academy trust does wish to enter into a lease that requires the Secretary of State's consent, then the trust will need to contact the EFA in the first instance. Trusts must ensure that any lease arrangement maintains the principles of regularity, propriety and value for money, whether or not the approval of the Secretary of State is required.

4. 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 all trust members, directors, LAB members and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies, businesses or other organisations from whom the Trust may purchase goods or services.

Declaration of interest forms will be distributed to trust members, directors, LAB members and relevant staff annually. These must be completed and returned to the clerk promptly for inclusion in the trust's register of interests. The register is open to public inspection and should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the trust. The disclosures should also include business interests of

relatives such as a parent or spouse or business partner where influence could be exerted over a trust member, director, LAB member or a member of staff by that person. Relationships with connected parties require high standards of accountability and transparency.

All relevant business and pecuniary interests of trust members, directors, LAB members and senior employees must be published on either the trust or the relevant academy website.

The existence of a register of business interests does not detract from the duties of trust members, directors, LAB members and staff to declare interests whenever they are relevant to matters being discussed by the trust board, a local advisory board or one of the various committees at either trust or local academy level. Where an interest has been declared, trust members, directors, LAB members and staff should withdraw from any committee or other meeting.

5. PROCESS FOR INDEPENDENT CHECKING

Every academy trust must have in place a process for independent checking of financial controls, systems, transactions and risks.

The trust's Audit and Risk Committee must determine the process for independent checking of financial controls, systems, transactions and risks.

The committee will review the risks to internal financial control for 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 could 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 trust's external auditors
- appointing a responsible officer, with sufficient skills, knowledge and experience to perform testing
- completing the work by peer review

Peer review work could be performed by the Chief Financial Officer, or a suitably qualified or experienced member of the finance team, from another academy trust, appointed by the Audit Committee. The peer review will provide directors and LAB members with an independent oversight of the trust financial affairs. The main duties of the peer review are to provide the Audit and Risk Committee with independent assurance that:

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

Internal Auditors have been appointed (Dodd & Co Chartered Accountants) to carry out internal audit work and report on their findings to the Audit and Risk Committee and the individual academies within the Trust.

5.1 INVESTIGATION OF FRAUD AND IRREGULARITY

The personal responsibilities of the Accounting Officer extend to the prevention of loss through fraud and irregularity. However, in addition to the Accounting Officer's responsibilities, the members of a trust are also responsible for preventing such losses of public funds. This means that trust members, directors and LAB members must be aware of the risk that fraud and irregularity might occur within the trust 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 Fraud Policy in Appendix 3 outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the trust above £5,000 (individually or cumulatively) must be reported by the trust to the EFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The EFA 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.

5.2 APPOINTMENT OF EXTERNAL AUDITORS

The trust is required to submit its accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be documented by a specific letter of engagement outlining the term of office.

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 the EFA
- proper accounting records have been kept throughout the financial year
- income has been applied for the purposes intended
- the regularity statement within the accounts is correct (the value for money, propriety and compliance statement referred to and provided by the accounting officer within the annual report/accounts)

The trust should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Audit and Risk Committee.

6. ACCOUNTING SYSTEM

The trust is registered annually under the 1988 Data Protection Act. The registration will require a single data Controller to be named and the named Data Controller in the Trust will be the Accounting Officer.

All the financial transactions of the trust must be recorded on the PS Financials accounting system operated by the Finance Teams in each academy.

Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).

6.1 SYSTEM ACCESS

The PS Financials accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords should not be compromised. Access to PS Financials should be restricted and the Chief Financial Officer is responsible for determining the access levels for all members of staff using the system.

All leavers with previous access to PS Financials must have their access permissions formally removed.

6.2 BACK-UP PROCEDURES

The Chief Financial Officer is responsible for ensuring that there are effective back up procedures for the accounting system.

The Chief Financial Officer should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by directors and LAB members of the major risks to which the trust is exposed and the systems that have been put in place to mitigate those risks.

6.3 TRANSACTION PROCESSING

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in following sections of the document. All journal entries must be documented in PS Financials. Bank transactions should be input by the Finance / Business Managers. This input should be checked by the Chief Financial Officer, who should sign to evidence this check.

Detailed information on the operation of the PS Financials system can be found in the user manuals. A copy of the user manual will be kept at each academy of the trust.

6.4 TRANSACTIONS REPORTS

The Chief Financial Officer will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- monthly payroll reports
- monthly bank statement reconciliations
- monthly credit card statements
- VAT returns
- management accounts summarising expenditure and income against budget at budget holder level.

6.5 RECONCILIATIONS

Finance Managers / Finance Officers are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- payroll
- bank balance per the nominal ledger to the bank statement
- credit cards

- VAT
- trial balance.

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer. The Chief Financial Officer will review and sign all reconciliations as evidence of review.

7. FINANCIAL PLANNING

The trust prepares both medium term and short-term financial plans.

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

The strategic SDP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the trust and the planned use of those resources for the following year.

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

7.1 DEVELOPMENT PLANS

Development plans are concerned with the future aims and objectives of the trust and how they are to be achieved; that includes matching the trusts objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

The form and content of the development plans are matters for each academy to decide but due regard should be given to the matters included within the guidance provided by the Central trust to academies and any annual guidance issued by the DfE.

Each year the CEO will propose a planning cycle and timetable which allows for:

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

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

Completed development plans will include detailed objectives for the coming academic year and the wider School Improvement Plans (SIPs) will outline objectives for the following two years as well. Plans will also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

7.2 ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to the each academy for the forthcoming year and how those resources are to be utilised by each academy. There should be a clear link between the strategic SDP objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of EFA grant receivable
- review of other income sources available to the individual academies within the trust to assess likely level of receipts
- review of past individual performance against budgets to promote an understanding of the trust cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the strategic plan objectives and the expected variations in cost, e.g. pay increases, inflation and other anticipated changes
- liaising with external agencies including major suppliers to ensure that the trust's best financial interests are met

Individual academy plans and budgets will need to be revised until income and expenditure are in balance. 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.

The trust has set a requirement for each individual academy to aim to generate a 1% surplus (of total income), in order to build reserves of the trust, to cover unexpected liabilities and to allow reserves to invest in future year's priorities for the students. The annual accounts disclose the breakdown of reserves by individual academy, however any surpluses generated are held centrally by the Trust. Any individual academy with a negative balance of reserves must outline plans to redress this balance.

It will be the responsibility of both the Audit & Risk Committee and the Local Advisory Boards to recommend the annual budgets for submission to the Trust Board.

Only the trust board can formally "approve" the budget for the trust. Such endorsement / approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the EFA and should be accompanied by a statement of assumptions and explanations behind the plan so that if circumstances change, it is easier for all concerned to take remedial action.

The Chief Financial Officer, in conjunction with the CEO, is responsible for preparing and obtaining approval for the trust annual budget, which aggregates the budgets of each academy in the trust. The budget must be approved by the Trust Board.

The approved aggregated budget must be submitted to the Education Funding Agency (EFA) by 31 July each year or at a date specified by the EFA and the Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Budgets should be seen as a working document which may need revising throughout the year as circumstances change.

7.3 MONITORING AND REVIEW

Budget monitoring reports have been developed in which variances are highlighted for discussion and appropriate. Budget monitoring is a key requirement of the EFA Academies Handbook. Monthly reports should be prepared by each academy. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and a copy must then be provided to Chief Financial Officer to produce and provide an aggregated report for the directors of the trust.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Any potential overspend against budget must, in the first instance, be discussed with the Chief Financial Officer.

Each academy should present monitoring reports to its Local Advisor Board at least three times a year. Consolidated and summarised reports should be presented to the Audit & Risk Committee at least three times a year.

8. PAYROLL

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

8.1 STAFF APPOINTMENTS

The trust Board of the trust has the authority to appoint the CEO.

The trust Board of the trust has the authority to appoint the Headteacher at each academy.

The appointment of a Chief Financial Officer must also be approved by the trust Board.

Notifications of staff appointments are notified to the local advisory boards in their usual termly meetings.

Each academy in the trust maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Finance Officers immediately.

The CEO is responsible for ensuring that the trust's pay policy is implemented.

The CEO is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered. The HR officer at each academy will be responsible for maintaining accurate records of all staff employed in a single central record. The trust's HR Manager will check a sample of employee details to ensure that the single central record is being correctly maintained. The trust's HR Manager will be responsible for maintaining the single central record for trust employees.

Personnel information is held in manual files under the guidance of the CEO with access strictly limited to authorised officials only and separately on the computer systems, for which relevant registration under the 1998 Data Protection Act is held.

8.2 PAYROLL ADMINISTRATION

The trust payroll is administered by Education Personnel Management Limited (EPM) to whom the trust has subscribed for HR and Payroll services.

Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, should all be made through the HR officer at each academy, or via the HR Manager, authorised by the Headteacher at each academy or the Accounting Officer and e-mailed to EPM from an agreed e-mail address.

All supply teacher, casual working and overtime claims must be checked and confirmed by a budget holder and must be forwarded promptly to an academy's finance office. The Chief Financial Officer will check a sample of supply teacher, overtime, casual and expenses each month to ensure that the payroll system is operating correctly.

8.3 PAYROLL PAYMENTS

All staff are paid monthly by bank credit transfer to their bank accounts.

EPM's payroll system automatically calculates the deductions due from payroll to comply with legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts paid are summarised on the payroll reports received.

The academy finance managers / officers responsible for checking payroll will obtain monthly payroll reports from EPM and will undertake a reconciliation of each individual payment against the latest staffing budget. The completed reconciliation will then be sent to each Headteacher / and the CEO for approval each month. Finance managers will check that transactions for supply staff, casual staff and overtime have been made correctly against authorised claim forms.

Headteachers should review the monthly reconciliation to verify the accuracy of payments made. Any variations should be investigated and queried immediately with the HR Manager and/or EPM as appropriate. The reconciliation should then be signed by the Headteacher (or approved via email) to confirm that all necessary checks have been undertaken and that the payroll payments are authorised.

Contractors

The trust uses the services of some self-employed individuals who will invoice the trust for services provided.

The trust has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. In order to achieve this, the following guidelines should be followed:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed),
- if considered to be a contract of service, the individual shall be set up as an employee of the academy before receiving payment through the payroll

- where an individual seeks payment from the academy for a contract for services, this must be in the form of an invoice

Careful attention should be paid to repetitive payments to individuals.

9. OTHER MATTERS

Irregular or improper transactions

Situations may arise where it may appear to the trust to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances the trust must seek prior, written permission from the EFA. Such transactions may additionally require HM Treasury approval dependent on the nature of the transaction involved.

Managing surplus General Annual Grant (GAG)

It is important that grant is spent as needed to avoid excess calls on exchequer funding and public borrowing. The EFA previously set limits on the amount of GAG that could be carried forward from one year to the next. These limits have now been removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long-term capital projects.

The DfE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

The EFA will also verify the sums of unspent funds when it checks the trust's accounts and highlight and report, to the relevant DfE Boards, any cases where it has serious concerns about a long-term substantial surplus with no clear plans for use.

Pooling of GAG by Multi-Academy Trusts

The trust has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the multi-academy trust in accordance with the guidelines that govern the use of GAG funding.

The trust has due regard to the funding needs and allocations of each individual academy and has an appeals mechanism in place. If an individual academy's principal feels that the academy has been unfairly treated in relation to pooling arrangements, they should first appeal to the trust via the Chief Financial Officer. If the academy principal's grievance is not resolved by the trust, they may then appeal to the Secretary of State for Education, whose decision will be final and who may dis-apply the provisions for pooling in this Handbook in relation to the trust.

Financial Deviance

Different academies may be more or less successful in managing their financial systems and procedures as well as in reacting to adversity caused by sudden changes and/or unexpected difficulties. It is the role of the Chief Financial Officer, the CEO and the trust board to identify what is happening, whether there are remediable issues or not, and what would most effectively improve upon them. Reductions in autonomy should be considered where appropriate.

The table below identifies general levels of autonomy and the kind of identification and notifications that are needed. All reductions in autonomy will be detailed for the Head and local advisory board having its autonomy restricted along with detailed recommendations for actions necessary to facilitate improvement and to move the academy back to a higher level of autonomy. It will include timescales for the improvement, performance criteria for the improvement to be deemed successful and how the return to a higher level of autonomy would be affected.

Level of Financial Autonomy	Control Over	Identification	Notification of move reducing autonomy to next level down
4 - Complete	All aspects of financial and budgetary management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the Head/LGB	CFO: Through regular financial and budgetary monitoring and evaluation done by CFO	Verbal highlighting of issues by CFO to Head/LGB to enable remedial actions before next LGB meetings
3 – Largely	Largely full autonomy with most aspects of financial and budgetary management, resource procurement, capitation, et al under the full control of the Head and LGB but with wider controls/some restrictions on some high level staff employment, capital programmes and larger expenditures or virements of the budget	CFO: Through regular financial and budgetary monitoring and evaluation done by CFO and then EPA DB FRMC: Through follow up reporting by CFO to FMRC who direct CFO action	Written reports of CFO of detailed recommendations of CFO and the EPA DB FRMC to remedy any issues identified. Followed by a recorded letter of extent of reduction in autonomy from CEO to LGB
2 – Reduced	Reduced autonomy in many areas of financial and budgetary management as well as most large financial expenditures including most high level staff employment, larger resource procurement, capital programmes and any larger expenditures or virements of the budget	CFO/CEO and DB FRMC: Through regular financial and budgetary monitoring and evaluation done by CFO/CEO and then the DB FRMC identifying remedial actions	Letter from CEO to LGB outlining issues and detailed recommendations of CFO and the EPA DB FRMC to remedy issues identified in order to regain greater autonomy
1 – Minimal	Significant reductions in all areas of financial and budgetary management as well as most large financial expenditures including all staff employment, larger resource procurement,	CEO and DB FRMC: following extensive monitoring and evaluation by CFO/CEO and the DB FRMC they	Letter from Chair of DB FRMC to LGB outlining issues and detailed recommendations of CFO and the EPA DB FRMC that must be immediately

	capital programmes and all larger expenditures or virements of the budget	make all necessary recommendations for reductions in autonomy	implemented in order to address serious weaknesses identified
0 - None	Zero autonomy with all aspects of financial management, staff employment, resource procurement, capital programmes, capitation, et al under the full control of the CEO and the EPA DB	DB FRMC and DB: following extensive monitoring and evaluation by CFO/CEO and DB FRMC they remove all financial autonomy to prevent further financial risk/damage	

Part Two

LOCAL ADVISORY BOARDS AND ACADEMIES

INTRODUCTION

This section outlines the respective responsibilities of the Trust Board, local advisory boards, Headteacher and staff in relation to financial administration. The Policy also provides a standardised approach to all finance related tasks within the trust academies.

Please note that this policy should be used in conjunction with the Academies Financial Handbook.

11. SUMMARY OF RESPONSIBILITIES

- the management of the academy is, through its Instruments of Government, the responsibility of the Trust Board. The Trust board delegates certain responsibilities and powers to the Local Advisory Boards, as outlined in the schemes of delegation (available online on the Trust website, and from the Trust office). The scheme of delegation outlines the responsibilities and powers of the Local Advisory Board along with information on composition, quorum and administration of the LAB.
- the trust board may delegate day to day responsibility for carrying out the policies and decisions to the LAB or to the Headteacher, however responsibility for decisions remains with the Trust Board for any decision made under delegation.
- management and administration duties undertaken by the Headteacher and the members of the academy staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment
- it is the responsibility of the Audit & Risk Committee (following any feedback from the LAB) to set/recommend to the Trust Board, an annual budget for each academy (and the Trust as a whole) which accords with the academy's aims and objectives, as set out in the current School Improvement Plan. Such approval should be clearly minuted by the Audit & Risk Committee and the Trust Board in sufficient time to allow prompt submission of the plan to the Education Funding Agency (EFA) and the Trust board
- the Headteacher (in conjunction with the Chief Financial Officer) will prepare a recommendation for expenditure by reference to the anticipated budget provision of the academy, sufficiently in advance of each financial year, in order to allow due consideration and approval by the local advisory board . The Headteacher will advise the local advisory board on all areas of the academy budget
- Acting with advice and knowledge acquired from any combination of the local advisory board, Headteacher or staff, the Audit & Risk Committee will ensure that adequate long term budgeting is undertaken in order that the long term performance of the academy may be maintained. This will ultimately be approved by the Trust Board.

11.1 THE ROLE OF THE TRUST BOARD

The role of the trust board in academy financial administration is:

- to establish a Audit & Risk Committee and elect its members, and to review the committee's remit and membership on an annual basis

- to plan the overall academy budget, including priorities for future expenditure
- to formally minute their endorsement of the annual budget
- to maintain a register of interests for trust members, directors, LAB members and staff

11.2 THE ROLE OF THE AUDIT & RISK COMMITTEE

In order to assist in the fulfilment of the Trust Board's responsibilities, the Audit & Risk Committee will meet as necessary, at least once each term, to:

- Review, monitor and advise the Trust Board on the adequacy and effectiveness of the Trust's governance, risk management, internal control and VfM systems and frameworks.
- Advise the Trust Board and LABs on the appointment, re-appointment, dismissal and remuneration of any internal, external and regularity auditors. The Committee will ensure that the service provider complies with the standards set by the Chartered Institute of Internal Auditors. The internal audit provider will conform to the Public Sector Internal Audit Standards.
- Advise the Trust Board on an appropriate programme of work to be delivered by independent assurance providers (internal audit /external audit). This programme of work should be derived from the Audit & Risk Committee's regard of the key risks faced by the Trust, the assurance framework in place and its' duty to report to the Board.
- Review the external auditor's annual planning document and approve the planned audit approach.
- Receive reports (assignment reports, annual reports, management letters etc) from the external auditor, internal auditor and other bodies, for example the EFA and NAO, and consider any issues raised, the associated management response and action plans. Where necessary, reports should be referred to the Board or other committee for information or action.
- To regularly monitor all outstanding audit recommendations, from whatever source, and ensure any delays to agree implementation dates are reasonable
- To ensure that all allegations of fraud or irregularity are managed and investigated appropriately.
- To ensure appropriate co-operation and co-ordination of the work of the external auditor and internal auditor.
- Meet with the external auditor and internal auditor or other assurance provider, at least annually.
- To oversee the annual budget setting and as necessary recommend for approval by the Trust Board.
- Report to the Trust Board on all financial matters.
- Regularly monitor income and expenditure against budget, including reporting of any significant budget amendments.
- To review any alterations to the Trust's Finance Manual, recommending any changes to the Trust Board for approval.
- To ensure compliance with the Finance Manual and Academies Financial Handbook and ensure that academy financial control systems are robust.
- To ensure the Annual Report and Accounts are produced in accordance with the Academies Financial Handbook.

- To review the Annual Report and accounts and recommend for approval by the Trust Board.
- To approve; opening and operation of academy bank accounts; authorised signatories; transfers between accounts; operation of credit cards; payment system controls including BACS.
- To approve the Management Improvement Plans (MIPS) and actions relating to finance.
- To have a strategic financial view of income, staffing costs, other expenditure and capital projects
- To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects.

The full terms of reference are available on the Trust website.

11.3 THE ROLE OF THE HEADTEACHER

The day-to-day operation of the budget is delegated to the Headteachers, who will be responsible for:

- preparing the academy improvement plan and academy budget alongside the Chief Financial Officer, in accordance with priorities agreed by the trust board and submission of these plans to the local advisory board, Audit & Risk Committee and Trust Board for approval
- managing internal control systems and ensuring that any delegated 'school level' internal financial transactions are carried out in accordance with the trust policies
- providing a budget monitoring report to LAB members. This should report any variations in expenditure against the approved budget plan
- To ensure all school level Finance staff comply with the handbook and provide information as required to the Trust Chief Financial Officer and Trust finance staff.

11.4 THE ROLE OF CHIEF ACCOUNTING OFFICER ("FD")

- maintaining adequate financial records in accordance with the following requirements
 1. Budget Plan Entry Form Current Year + 3 preceding years
 2. Staff Salary Calculations Current Year + 3 preceding years
 3. Academy Management Plan Current Year + 3 preceding years
 4. General Allowance Allocations Current Year + 3 preceding years
 5. Virements within Budget Share Current Year + 3 preceding years
 6. Orders, Quotes and Tenders Current Year + 6 preceding years
 7. Copy Invoices/Credit Notes Current Year + 6 preceding years
 8. Copy Payment Schedules Current Year + 6 preceding years
 9. Delivery Notes Current Year + 6 preceding years

10. Bank Reconciliation Records Current Year + 6 preceding years
11. Education Sales Database Statements Current Year + 2 preceding years
12. Bank Statements Current Year + 6 preceding years
13. Bank Paying In Slips Current Year + 6 preceding years
14. Travel Claims Current Year + 6 preceding years
15. Income/Lettings Receipts Current Year + 6 preceding years
16. Copy Sundry Debtor Accounts Current Year + 6 preceding years
17. Authorised signatories list – orders Current List
18. Register of Pecuniary Interests Current List
19. Inventory Records Current Year + 6 preceding years
20. Salary and Wage Returns Indefinitely
21. Academy registers - Indefinitely

- monitoring the Trust cash flow
- ensuring that returns to the EFA and the trust are submitted according to published deadlines
- providing access to accounting and other relevant records to Audit, including academy fund(s), and implementing auditor recommendations where necessary
- checking that the Trust asset inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year
- recommending to LAB members equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded in the minutes and that the disposal of assets is conducted in an open manner and where income generated from disposal is maximised.
- ensuring that stolen items are reported to the LAB before formal approval to delete that item from the inventory/asset register
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored
- maintain a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes.

11.5 THE ROLE OF THE TRUST FINANCE TEAM

Subject to accordance with individual job descriptions the Chief Financial Officer may delegate financial procedures to the finance team. The finance team's roles may include:

- reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries
- providing budget monitoring /outturn monthly reports for the Headteachers to present to the relevant LAB and submission to the Chief Financial Officer

- submitting pay returns to payroll as appropriate
- ensuring that invoice checking procedures are followed
- ensuring that, in conjunction with the Headteachers, authorisation of orders, invoices and schedules are in accordance with this Financial Administration & Control Policy and the Academies Financial Handbook
- prompt and intact banking of income and associated recording of income in accordance the Academies Financial Handbook
- operating the bank account (cheque book scheme) as per the Academies Financial Handbook
- to prepare cash flow statements so as to ensure the academy has sufficient cash to meet its needs and submit these to the finance committee
- administering the recording of income received, and payments made from the academy fund. Retention of all documents such as collection records and receipts to support the transactions processed through the academy fund. Preparation of the year end summary of transactions for inspection, in accordance with the Academies Financial Handbook
- assisting in the maintenance of an accurate inventory and associated security procedures
- assist in the preparation of the three year budget plan and the financial returns to the EFA.

11.6 THE ROLE OF THE STAFF

The role of staff in academy financial administration is:

- to familiarise themselves with this Manual
- to conduct all financial transactions relating to the academy in accordance with this Manual
- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the academy
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the Finance Team for processing.

12. LIMITS OF DELEGATION

The following limits will be applied to the academies in the trust and are further detailed in Appendix A.

12.1 VIREMENTS WITH BUDGET SHARE

Headteachers are authorised to vary the annual budget prepared by the Audit & Risk Committee, endorsed by the full local advisory board and approved by the trust board. This variation shall be the result of any change in the day-to-day spending plans of the academy, but still be in accordance with the aims and objectives of the academy, as laid down in the School Improvement Plan. This variation, known as a 'Virement' shall not exceed £5,000 in the primary academies or £25,000 in secondary academies. A 'Virement' in excess of £5,000 or £25,000, as appropriate, should be recommended to the Audit & Risk Committee by the Headteacher and actioned after minuted approval of the 'Virement' by the Audit & Risk Committee.

12.2 PLACING ORDERS

Section 14 on the procurement process should be read in conjunction with this, in terms of the need to obtain quotes and best value.

In terms of 'processing' an order:

Individual budget holders, and central leadership team members can approve orders for amounts up to £1,000 in primary academies, or £2,500 in trust secondary academies and for the central leadership team.

Above these limits the relevant Finance / Business Manager should countersign any orders of up to £5,000 on any single order in a trust primary academy. Finance / Business Managers will, however, comply with financial regulations, as detailed in section 14 - Procurement of Goods and Services (see below).

The sum of up to £15,000 (Primary), £25,000 (Secondary) is the amount authorised by signature by the Headteacher on any single order. Headteachers will, however, comply with financial regulations, as detailed in section 14 - Procurement of Goods and Services (see below).

The sum of up to £50,000 is the amount authorised by signature by the Chief Financial Officer on any single order. Any sum over £50,000 on any single order will be authorised by the CEO.

In the absence of the Finance Officer or Headteacher the FD will nominate a member of staff to authorise the raising of orders on a temporary basis. This officer should be the most senior member of the teaching staff.

12.3 INVOICES

Invoices will be authorised for payment by the relevant cost centre holder and then passed to the Finance Office for recording and payment.

12.4 CHEQUES

All cheques issued from accounts administered by the primary academies must be countersigned by at least one other authorised signatory.

All cheques, and other instruments authorising withdrawal from the bank accounts administered by the secondary academy, must bear two authorised signatures.

13. FINANCIAL REPORTS TO DIRECTORS / LAB MEMBERS

Headteachers are responsible for providing local advisory boards with a report on the budgetary position of the academy at regular intervals. The report should be produced on a monthly basis by finance staff, reviewed and challenged by the Headteachers and presented to LAB members at least once a term.

Financial reports should be reliable and relevant to users, the characteristics of good quality financial information are:

- **Produced promptly.** Financial reporting should be carried out in line with the Academies Financial Handbook

- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed on PS Financials. There should be a monthly reconciliation of the bank account to the balance on PS Financials. Where amounts have been charged to the academy and are still in dispute, these should still be included in the actual expenditure until queries have been resolved
- **Complete.** To provide directors / LAB members with a “true and fair” view of the academy’s financial position, reports should include committed expenditure, where significant
- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports should be jargon free
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals should be summarised to the headings contained in the annual EFA funding statement and in the annual accounts
- **Include a profiled budget.** To ascertain whether the level of expenditure to a given date is reasonable, the expected expenditure up to the same date should be provided by the inclusion of a profiled budget. Based on knowledge of the academy’s spending patterns the profile looks at the total budget for the year and indicates what percentage of that budget it would be reasonable to have spent by the specified date
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report
- **Include a projected out-turn** on at least a termly basis, which is an estimate of the final budget position of the academy at the end of the financial year

14. PROCUREMENT OF GOODS AND SERVICES

The trust wants to achieve the best value for money from all purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and 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 trust is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the trust are dealt with on a fair and equitable basis.

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the Trust Board. It is the responsibility of the budget holder to manage their element of the budget and to ensure that the funds available are not overspent. Each budget holder has access to their budget on PS Financials in order to review spend allocated and budget remaining. A hard copy print of the budget can be requested. The reports will be available by the 20th of each month (following the month end reconciliations processes). All orders placed must be entered onto PS financials such that they are reported and noted. Budget holders are encouraged to keep their own records of orders placed but not paid for and reconcile this against noted ‘open orders’.

14.1 PURCHASE ORDERS

The procurement of goods and services is the process potentially most open to abuse or mismanagement and it is therefore essential to have strong financial controls to safeguard the academy's interests. It is essential that all of the following controls are adhered to:

- orders should be placed by the relevant finance team where possible
- orders should not be entered into verbally and, unless a credit card has been used
- where possible, orders should always include the academy's terms & conditions of the order and protects the academy against terms and conditions imposed by suppliers in the absence of quoted terms & conditions
- all orders for goods and services must be confirmed in writing, using an official requisition form, unless exceptional circumstances dictate otherwise. It is the responsibility of the budget holder to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the academy budget for that purpose and that sufficient quotations/tenders have been obtained
- orders must bear the signature of the budget holder and must be forwarded to the Finance Office. Individually numbered purchase orders will be produced by the PS Financials accounting computer records and will be approved by nominated PS Financials approvers before dispatch to suppliers
- the use of 'Official Order Forms' through PS Financials automatically updates the financial records and enables committed expenditure to be included in management information
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed to suppliers, in order to reduce timelines. In such circumstances care should be taken to fax both sides of the official order form, so the supplier receives the academy's terms and conditions
- orders should only be approved in accordance with the authorised limits within the scheme of delegation listed in Appendix A of this document
- orders may only be used for goods and services provided to the Trust. Private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT
- to avoid disputes of ownership, orders should always be made in the name of the trust. Orders should refer to the individual academy but must always state the Trust name. Orders should never be in the name of an employee
- **orders under £1,000 for Primary Schools (£2,500 for Secondary Schools) –** can be ordered by budget holders, who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
 - supplier chosen from the list of approved suppliers maintained by the Finance Office
 - bulk purchasing of common consumables
 - negotiating discounts
 - taking advantage of sale seasons
 - obtaining alternative quotations wherever possible
- **Orders between £1,000 and £5,000 (primary) or £2,500 and £5,000 (secondary school)** - can be ordered by budget holders, but countersigned by

the relevant Business Manager / Finance Manager. The same best value considerations apply.

The finance team will liaise with budget holders in connection with their orders to ensure that reasonable steps have been taken.

- **orders over £5,000 but less than £25,000** - at least three written quotations should be obtained for all orders between £5,000 and £25,000 to identify the best source of the goods/services. 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. If the budget holder decides to opt for a quote other than the lowest, the reasons for such a decision should be clearly documented and reported to the Audit & Risk Committee
- **orders over £25,000 but less than £75,000** - all goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000, must be subject to three written quotations and must be referred to the respective Audit & Risk Committee for formal approval. The Audit & Risk Committee should, under normal circumstances, opt for the lowest of the three (or more) quotes. If the Audit & Risk Committee decide to opt for a quote other than the lowest, the reasons for such a decision should be clearly documented in the minutes of the Audit & Risk Committee meeting in which the decision was made
- **orders over £75,000** – will be subject to a tendering policy (Appendix B)

The academy budget holder or the academy Finance Team must make appropriate arrangements for the delivery of goods and services to the academy. On receipt of goods and services there must be a detailed check of the goods and services received against the purchase order (or equivalent in exceptional circumstances). Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the academy's finance team should be notified. The academy's Finance Manager or Finance Officer will keep a central record of all goods returned to suppliers.

14.2 INVOICE PROCESSING

When invoices are received, it is essential to check that all the elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by separate individuals where possible. An invoice certification stamp is the best way of providing evidence that the following checks have been carried out:

- All invoices should be sent to the Finance Office to be checked against the PS Financials numbered order (or equivalent in exceptional circumstances) and the delivery note to evidence the following:
 - invoice arithmetically correct
 - goods/services received
 - goods/services as ordered
 - prices correct
 - that the invoice is not a copy or a facsimile and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate

shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the Finance Officer or Headteacher

- Where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay.
- where delivery notes are not produced, then the receipt of goods and services should be recorded on the order form. All discrepancies should be discussed with the supplier of the goods and services without delay
- if any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the relevant finance team should be notified
- an officer with delegated responsibility from the local advisory board (the Finance / Business Manager or Headteacher will certify that the invoice is authorised for payment. This authorisation shall be evidenced by the personal signature of the Headteacher and must not be a facsimile or signature stamp
- Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately

14.3 CREATING NEW VENDORS

All requests for new vendors must be sent to the relevant finance team who may decide to undertake credit checks depending on the level of risk posed.

14.4 CHECKING OF SUPPLIER STATEMENTS

All supplier statements should be checked upon receipt against vendor line items. If an invoice number and amount cannot be matched then the supplier should be contacted to provide a copy invoice.

Supplier statements should be retained at the end of the financial year for audit purposes.

The Chief Financial Officer will undertake an additional monthly review against the aged creditors list and notify individual academy of any issues identified with the prompt payment to suppliers.

14.5 CREDIT CARDS

Credit cards are held by named cardholders in each academy and the central leadership team. Any cards held by anyone other than the Accounting Officer, a Headteacher or the relevant Finance Manager / Finance Officer will be linked to a specific cost centre and should only be used to purchase goods from that cost centre.

Each cardholder is personally responsible for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the cardholder and the cost centre manager are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card. All receipts must be produced and reconciled monthly to the monthly statement by the Finance Officer and reviewed and signed off by the Headteacher.

Monthly statements will be received by each academy.

The Chief Financial Officer will check each academy's monthly reconciliation to ensure that the business charge card system is operating correctly.

15. RECONCILIATION PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against each academy's accounts are valid and verify that they are the responsibility of the academy. The Chief Financial Officer is responsible for ensuring that controls are in place for these checks to be carried out.

Finance / Business Managers are responsible for ensuring the following reconciliations are performed each month (reviewed by the Chief Financial Officer), and that any reconciling or balancing amounts are cleared:

- **payroll**
- **bank balance per the nominal ledger to the bank statement** - Finance / Business Managers must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. The reconciliation procedures must ensure that all bank accounts are reconciled to the balances on PS Financials. Reconciliations should be prepared by Finance / Business Managers. Adjustments required should be dealt with promptly.
- **credit cards** - monthly statements should be reconciled to invoices monthly by the Finance / Business Managers, and reviewed and signed off by the Headteacher.
- VAT
- trial balance.

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer who should sign all reconciliations as evidence of their review.

16. OPERATION OF LOCAL EXPENDITURE BANK ACCOUNT

Each academy must implement the following controls:

- a list of cheque signatories (mandate) should be drawn up whereby all cheques must have two authorised signatories
- a minimum of three signatures should be maintained on the mandate
- the Headteacher may sign all cheques other than those payable to themselves
- no member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest

Arrangements must be made with the bank must include:

- a statement to be provided at least once a month
- to disallow any overdraft

Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the academy has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.

On receipt of the bank statements, the academy will reconcile the bank balance to the balance held in the PSF system.

17. PETTY CASH FLOATS

Only authorised petty cash float holders may hold a cash float.

Other members of staff coming into possession of trust cash should promptly pass the cash to the relevant finance team for processing.

The Chief Financial Officer will maintain a list of all authorised petty cash float holders.

The trust's preferred method of receiving money is via bank transfer (e.g. through Parent Pay), or by cheque. Those wishing to send funds to the trust should be encouraged to do so in this way. The trust can accept cash from pupils or parents in some circumstances, particularly for small value items or where cash is offered and it is recognised that the pupils / parents may pose a risk of bad debts if cash is not accepted.

Floats should only be used to pay expenditure when supporting vouchers and receipts are produced. Petty cash payments will be limited to £50. Higher value payments should be made by BACS or cheque directly from the main bank account as a purchase order.

Expenditure should be recorded manually in the first instance.

Details of income and expenditure should be passed to the relevant finance team at least monthly. The finance team will then process transactions into the PS Financials accounting system against the appropriate cost centre.

Unannounced cash counts should be undertaken by the Finance / Business Managers to ensure that the cash balance reconciles to supporting documentation and the balance per the system.

The Finance / Business Managers should review and countersign the petty cash reconciliations.

Petty cash must be securely held at all times with access strictly limited to authorised officials only.

The Finance / Business Managers, in conjunction with the Chief Financial Officer, will set limits with individual float holders so that large amount of cash are not held unnecessarily. Cash should be banked promptly whenever a float exceeds the agreed limit. No cash float shall have a limit exceeding £1,000. Many floats will have much lower limits.

18. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS

The Trust Board is responsible for delegating responsibility to maintain proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control

18.1 SECURITY

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

Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Headteacher immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet.

Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, Finance Director and the CEO.

Steps must be taken by the Chief Financial Officer to ensure that there are effective back up procedures for all computer systems. All back up disks, tapes, etc. should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely off-site. Recommendations for backup procedures should be regularly checked with the academy's Network team and / or IT support provider.

Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for academy management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the academy should be promptly revoked.

The CEO shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 1998.

18.2 INVENTORIES

An asset register should also be maintained in a format agreed with directors, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the academy, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de-minimis level of £2,000.

The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value

- location
- name of member of staff responsible for the asset

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 and the School's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters

Depreciation policies are outlined in Appendix G.

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

The immediate responsibility for the safeguarding of equipment lies with the end user departments. In support of this, the academy provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

18.3 ACQUISITIONS AND DISPOSAL OF ASSETS

The policy on dealing with fixed assets is outlined in Appendix G.

18.4 LOAN OF EQUIPMENT

Items of academy property must not be removed from academy premises without the authority of the Head of Department or Headteacher. A record of the loan must be recorded and the asset booked back in when it is returned.

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.

19. CHARGING POLICY

Appendix H outlines the Remissions and Charging Policy which applies. This policy is reviewed annually.

20. INSURANCE ARRANGEMENTS

The Accounting Officer will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The responsibility for organising this will be delegated to the Chief Financial Officer. Cover will include, as a minimum:

- Buildings and contents
- Business continuity
- Employers and Public Liability

All risks will be reviewed annually to ensure that the cover is adequate.

All contractors must have public liability insurance before they are allowed to undertake work on the academy's premises.

People hiring the academy's premises and using facilities should either be covered by the trust's insurance at an additional cost, or must produce a valid public liability insurance with indemnity up to £5,000,000.

21. RECEIVING INCOME

The main sources of income for the academy are the grants from the Education Funding Agency (EFA). The receipt of these sums is monitored directly by the Chief Financial Officer who is responsible for ensuring that all grants due to each academy are collected.

Academies also obtain income from:

- student teachers from universities and other institutions
- hiring of premises and facilities
- academy meal sales
- uniform sales
- students, mainly for trips
- external peer review and support services

Charges can also be made to students to defray the costs of certain activities (see section 19. Charging Policy). Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the trust's charging policy.

Premises hire charges are determined by the local advisory board's policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of either the Headteacher, the CEO or the Site Development Officer.

Bookings for lettings are made through the Communities Officer, or relevant member of staff at each academy.

Payments for invoices raised manually and issued by the academy, and will be recorded as academy income into the lettings budget cost centre within the PS Financials accounting system and manual receipts will be issued when requested.

All monies must be banked, in their entirety, in the appropriate bank account.

All outstanding invoices should be reviewed each month by the Finance Officer and pursued to ensure that the academy receives all monies due.

22. MISCELLANEOUS ISSUES

22.1 GIFTS

All gifts to the academy either in kind or in money should be recorded.

22.2 EXPENSES PAID TO TRUST MEMBERS, DIRECTORS AND LAB MEMBERS

Expenses may be paid to trust members, directors and LAB members in accordance with DfE guidance.

22.3 AUDIT

Academies will be subject to termly internal audit or Responsible Officer visit. Also, the trust will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House. The trust auditors may wish to visit individual academies.

Appendix A

Financial Scheme of Delegation – Authorisation Limits

Financial Regulations Authorisation Limits

Expenditure Limits

CEO	£999,999	
Headteachers in conjunction with Chief Financial Officer		£50,000
Headteachers (Primary)		£15,000
Headteachers (Secondary)		£25,000
Finance Managers / Central leadership team		£5,000

Budget Virement / Variation Limits

Virements - Headteachers (Secondary)		£25,000
Virements - Headteachers (Primary)		£5,000
Variation - Headteachers (Secondary)		£10,000
Variation - Headteachers (Primary)		£5,000

Ordering Process

Three Quotes		£5,000
Tendering		£75,000

Appendix B

Best Value Statement

Introduction

The trust board is accountable for the way in which the academy's resources are allocated to meet the objectives set out in the academy's development plans. Trustees need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the academy's achievements and services.

What is Best Value

Trustees and LAB members will apply the four principals of best value:

- **Challenge:** Why, how and by whom a service is provided
- **Compare:** Academy performance against available data.
- **Consult:** With service users, the local community etc.
- **Competition:** Wherever practicable, to secure efficient and effective services

Trust Approach

The Trust Board and LAB will apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the academy
- the targeting of resources to best improve standards and the quality of provision
- the use of resources to best support the various educational needs of all pupils

Head Teachers will:

- make comparisons with other/similar academies using available data, e.g. RAISE online, quality of teaching and learning, levels of expenditure
- challenge proposals, examining them for effectiveness, efficiency, and cost
- require suppliers to compete on grounds of cost and quality/suitability of services/products
- consult individuals and organisations on quality/suitability of service we provide to parents pupils, and services we receive from providers

This will apply in particular to:

- **staffing** – the Head teachers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management
- **use of premises** – the Head teachers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources
- **use of resources** – the Head teachers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality learning

- **quality of teaching** – the Head teachers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils and teaching which builds on previous learning and has expectations of children's achievement
- **quality of learning** – the Head teachers will review the quality of children's learning by setting of pupil achievement targets
- **purchasing** – the Head teachers will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost
- **pupil's welfare** – the Head teachers will review the quality of the academy environment and the academy ethos, in order to provide a supportive environment conducive to learning and recreation
- **health and safety** – the Head teachers will review the quality of the academy environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors

All parties monitor these areas (where applicable) for best value by:

1. Departmental reviews by the Headteacher & Senior Leadership Team
2. Termly target setting meetings between Headteacher, Senior Leadership Team and head of departments
3. Annual performance management
4. Annual budget planning
5. Headteacher's reports including financial review
6. Feedback from responsible officer and audit report
7. Analysis of academy pupil performance data
8. Analysis of LA/DfE financial data
9. Analysis of DfE pupil performance data
10. Key issues for action identified by OFSTED
11. LAB members termly meetings
12. Trust Board salary reviews

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable issues.

Appendix C

Travel and Subsistence Policy

Introduction

The trust recognises that staff, trust members, directors and LAB members are likely to incur expenditure in connection with their duties. These individuals are entitled to claim 'out of pocket' expenses in line with this policy.

If an employee is not sure whether they will be able to make a claim in a particular situation, they should ask before they incur any expenses. Clarity should be sought before claim is submitted.

It is very important that claims are not made outside the terms of this policy unless permission has been given specifically to deal with a particular situation by the Chief Financial Officer.

Accommodation

All overnight stays must be approved, in advance, by the relevant budget holder from whose budget the expenses will be deducted.

Accommodation should be booked in advance through the relevant finance team who will, in general, be able to make a direct payment to the owner. In such cases employees should not need to make any claim. If direct payment is not possible, the employee will be reimbursed the actual cost of bed and breakfast incurred.

Out-of-pocket Expenses

Employees required to stay away overnight are entitled to claim an allowance of £2 to cover incidental out-of-pocket expenses (e.g. telephone calls to home).

Travel

General Principles

Employees should only make business journeys when they are necessary in connection with the proper performance of their duties. Alternative options such as e-mail, telephone, video-conferencing and telephone-conferencing should always be considered before travel is undertaken.

Where a business journey is necessary, employees are expected to organise it in the shortest and most effective way, having regard to the financial cost of all available options.

Employees whose post requires them to undertake business travel are responsible for their own travel arrangements and these must be carried out in the most effective and efficient way to perform the job. The trust will support necessary business travel, including reimbursement of costs arising from the use of employees' own vehicles.

Environmentally friendly travel is encouraged, although employees should always consider care use if costs are significantly cheaper. Mileage payments will be made within HMRC guidelines.

Mileage Payments

Employees who use their own car, van, motorcycle or cycle for official trust work purposes are entitled to be reimbursed in accordance with the trust's approved mileage rates.

Where a number of employees undertake the same or a similar journey, they should always travel together.

In addition to mileage rates detailed, employees who take passengers in a car or van may claim a passenger mileage payment per passenger per mile. The passenger must be an employee of the trust or an employee of a partner organisation on the same trust business. Where the passenger does not start or finish their journey at the same time as the driver, then the driver can only claim for the number of miles that the passenger was actually present in the vehicle.

Mileage should be calculated as the actual mileage travelled, less the employee's normal home to academy mileage. Normal everyday home to academy mileage is the employee's responsibility, hence employees should only claim for mileage over and above their normal home to academy amount.

The only circumstance in which normal home to office mileage is payable is where a second journey from home to a place of work is made on the same day in order to carry out official duties. Where an employee agrees to work on a day they would not normally work, it is still their responsibility to get to and from work (including training courses). Therefore, no home to office mileage is payable.

Mileage Rates

The following rates apply to employees who are required to travel on trust business:

Pence per mile

Car or Van Users

First 10,000 miles 40p

After 10,000 miles 25p

Amount for each additional passenger 5p

Motor cycle user

20p

Bicycle users

20p

Other conditions

Employees required to travel from their normal workplace to carry out their day to day role may include travel time within their normal working day. However, employees expected to travel to training courses can claim no more hours than their normal working day including travelling time.

Where there are excessive demands placed on an employee, for example very long distances travelled which extend significantly over the working day and where such occurrences happen repeatedly over a short period of time, then management will have discretion, as a gesture of goodwill, to allow some time in lieu as recompense.

Rail Travel

An employee wishing to acquire a rail ticket for work purposes must seek approval, in advance, from the relevant budget holder from whose budget the cost is to be deducted. Tickets should be ordered, in advance, through the relevant finance team.

Employees are expected to travel standard class. First Class travel may only be used with express permission of the CEO.

Other Travel Expenses

Bus fares and car-parking charges incurred on trust business may be reclaimed in full.

The trust will not reimburse in respect of parking and similar fines.

The trust will reimburse staff paying to refuel a trust minibus. An official VAT receipt should be requested.

Authorisation

All business journeys should be authorised, in advance, with the budget holder from whose budget the cost is to be deducted. Employees are advised to seek approval from the Finance Director, in advance of travel, for any unusual journeys where there may be doubt about the legitimacy of the journey or of the amount of mileage that can be claimed.

Methods of Claiming

Employees should complete an official trust Travel, Subsistence and Expenses Claim, attaching relevant VAT receipts. Claims should be made on a monthly basis. The trust may decide not to pay expenses which employees try to claim more than three months after the event.

Employees should note the terms of the declaration on the claim form. No one should make or approve a claim if the conditions explained in this policy have not been met. The trust will take a very serious view of fraudulent or negligent claiming or certification.

Appendix D

Financial Reserves Policy

Introduction

The trust board and Audit & Risk Committee need to consider the level of reserves the academy should hold. Levels of reserves which are too high tie up money which should be spent on current academy activities. Levels of reserves which are too low may put the future activities of the academy at risk.

The reserves policy:

- assists in strategic planning by considering how new projects or activities will be funded
- informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects
- informs the budget and risk management process by identifying any uncertainty in future income streams

During the financial year

The trust board identify:

- when reserves are drawn on, so that they understand the reasons for this and can consider what corrective action, if any, needs to be taken
- when reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any that needs to be taken
- where the reserves level is below target and consider whether this is due to short-term circumstance or longer term reasons which might trigger a broader review of finances and reserves

Development of the academy's reserves policy

When considering an appropriate level of reserves, the directors consider:

- the risk of unforeseen emergency or other unexpected need for funds
- covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence
- a fall in a source of income, such as lettings
- planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project
- the need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received

The financial risks identified determine the amount of reserves the academy targets to hold.

In-year reports to the trust Directors and the Local Advisory Boards

In-year reports:

- compare the amount of reserves held with the target amount or target range set for reserves

- explain any shortfall or excess in reserves against target set
- explain any action being taken or planned to bring reserves into line with target

Annual financial statements

The reserves policy disclosed in the trust report will include the following information:

- why reserves are held
- what amount/range of reserves is considered appropriate for the academy trust
- what the level of reserves is at the year end
- how the academy trust is going to achieve the desired level or range of reserves
- how often the reserves policy is reviewed

Target range of reserves for the financial year

The level of reserve will be reviewed and set on an annual basis as part of the budget setting plan.

Monitoring and evaluation of the policy

This policy will be monitored regularly for any changes in legislation or directions from the DFE which may have an effect and evaluated in the light of any comments made by the DFE, EFA, auditors and any other interested parties.

Reviewing

The Chief Financial Officer, the Chief Executive and directors will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.

Appendix E

Fixed Asset Policy

Introduction

The purpose of this policy is:

- to provide guidance when dealing with capital expenditure and the purchase and disposal of fixed assets (as defined below);and
- to provide guidance on other aspects of fixed asset accounting such as depreciation and revaluation

Definitions

Accumulated Depreciation

The total accumulated amount charged to the income and expenditure account to reflect the use of the asset by the business, over its useful economic life. The value of the fixed asset on the balance sheet will be reduced over the useful life of the asset.

Capitalisation

The addition to the balance sheet of an amount in respect of an asset which has come into the possession of the academy, whether through purchase or donation or gift in kind.

Carrying amount/net book value

The purchase cost (or valuation) of a fixed asset less the accumulated depreciation on that fixed asset.

Depreciation

The charge made to the income and expenditure account each month to reflect the use of the asset by the business during the period.

Fixed Assets

A fixed asset is an asset that has a useful life greater than one year. This includes land, buildings, office furniture and equipment (e.g. air conditioning, heating systems), vehicles, IT equipment and other classroom equipment. These are included in the academy balance sheet. Consumables which are used on a daily basis are not fixed assets.

Fixed Asset Register

An inventory of all fixed assets which must include date purchased the depreciation rate, net book values and the depreciation.

Grant

Funds given to the academy by a third party, subject to complying with any terms and conditions attached to the grant, to purchase unspecified fixed assets.

Recoverable Amount

The cash proceeds when an asset is disposed.

Categories of Fixed Assets

This list describes the categories of fixed assets most commonly used by academies. It is not exhaustive and other categories may be added but only with the approval of the Chief Financial Officer.

Freehold and Long Leasehold Buildings

The cost of acquiring freehold and long leasehold land and buildings. It includes all external costs incurred as part of the acquisition such as legal and professional fees as well as other costs such as building costs which are necessary in order to bring the asset into use.

The trust must seek and obtain prior written approval from the Secretary of State, via the EFA when acquiring a freehold on land or buildings.

Fixtures and Fittings

Items such as shelving, fixed or free standing, soft furnishings and general furniture such as chairs, desks which will last a number of years but not as long as the building in which they reside.

Plant and Equipment

Items such as air conditioning, lifts, heating system, diesel generators and classroom equipment which will be used for several years.

Computer Equipment and Software

Cost of the computer hardware used throughout the academy along with 'significant' software.

Criteria for Capitalisation of Assets

Expenditure Eligible for Capitalisation

Authorised and approved expenditure for an item which meets the definition of a fixed asset, and exceeds £2,000, should be identified and flagged as a fixed asset. The asset should be recognised on the academy balance sheet.

The cost of the fixed asset should include the cost of the asset and any other costs directly attributable in bringing the asset into a condition where academy employees can use it. Such costs include, but should not be limited to:

- costs of enhancements (not repairs and renewals), which significantly extend the life of the asset and would not be carried out on a regular basis (e.g. building improvements)
- costs of external consultants whose work is directly attributable to the implementation of the asset

Expenditure Not Eligible for Capitalisation

- individual items costing less than £2,000, unless purchased in bulk as part of a capital project
- costs of staff training as part of normal business activities
- administration and general overheads for running day to day activities
- planning costs relating to initial activities such as option appraisals, feasibility studies, identifying appropriate hardware and applications and selecting suppliers and consultants
- cost of abortive work
- post implementation support and maintenance costs related to software installation

Accounting Treatment (valuation in balance sheet)

Only costs eligible for capitalisation should be entered into the accounts.

Costs must be allocated against individual fixed assets.

The cost of the asset includes the purchase price (including import duties and non-refundable taxes) and any other direct attributable costs of bringing the asset to working condition. Discounts received should be deducted from the total cost.

Expenditure on enhancing a fixed asset already recognised on the balance sheet should be added to the carrying amount where the expenditure meets the definition above.

Fixed assets purchased with grant money must be clearly identified in the fixed asset register.

Revaluation of Fixed Assets

Freehold and long leasehold land and buildings will be revalued by independent valuers every five years.

Gains on revaluation of fixed assets must be credited to the relevant reserve as follows:

- land and building revaluations should be transferred to a designated revaluation reserve
- losses on revaluation must be debited to the relevant reserve (revaluation, fixed assets revaluation reserve) to the extent that gains have previously been recognised and recorded

Depreciation

Depreciation is charged against fixed assets over the expected useful life of the asset to reflect the usage of the asset over time.

The trust uses the straight line method of depreciation where the asset cost is written down in equal annual amounts over its expected useful life.

The period over which the asset is depreciated varies according to the category of the asset.

All tangible fixed assets, other than assets in progress must be depreciated as follows:

- Freehold land: 0%
- Freehold property: 2%
- Plant & equipment: 15%
- Computer equipment & software: 20%
- Motor vehicles: 20%

Depreciation will be charged from the month in which a newly purchased asset comes into use.

Depreciation ceases to be charged in the month the asset is disposed.

Disposal of Fixed Assets

When a fixed asset is sold or otherwise disposed, a profit or loss may arise. This is the difference between the total sale proceeds, less the cost of disposing of the asset, and the net carrying amount of the asset.

The profit or loss arising on disposal should be recognised as follows:

- profits on disposal of fixed assets must be included in the income and expenditure account under 'profit or loss on sale of assets'
- losses on disposal of fixed assets must be treated as additional depreciation and included in the relevant account within the income and expenditure account

Any asset that is lost or destroyed, and subsequently replaced through insurance proceeds should be removed from the balance sheet. The profit or loss arising (the difference between carrying amount and insurance proceeds) must be recognised in the income and expenditure account under profit and loss on sale of fixed assets. The replacement asset is capitalised at cost in the normal way.

The trust must seek and obtain prior written approval from the Secretary of State, via the EFA, for the following transactions:

- disposing of a freehold on land or buildings; and
- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

The trust may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State.

The trust must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following due process:

- taking reasonable steps to advertise the disposal
- inviting bids for the asset (sealed bids are preferable)

- negotiating with potential purchasers

The academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

The trust may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. The residual value of assets is determined by the greater of the written down value or market value.

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

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

Custodial Review

The fixed asset register must be formally checked to the assets held at least once a year by the Finance Officer and verified by the Chief Financial Officer.

Appendix F

Charging & Remissions Policy

The Trust is committed to the general principle of free education and recognises the valuable contribution that a wide range of activities, including academy visits and residential experiences, can make towards all aspects of pupils/students' education. It also aims to promote and provide such activities both as part of a broad and balanced curriculum for pupils/students and as additional optional enrichment activities.

The Trust believes that all our pupils/students should have an equal opportunity to benefit from academy activities and visits (curricular and extra-curricular) independent of their parent's financial means. To ensure transparency in setting charges and also to ensure all young people are able to access all of the provision we offer, this policy sets out our approach to charging and remissions.

Where this policy refers to parents we mean any person with parental responsibility for a child or young person.

Some Trust academies provide recreation and leisure opportunities to the wider community, e.g. hire of facilities, use of fitness centre and sports facilities. Charges for these facilities are not covered by this policy, nor does the policy cover charges made and determined by other organisations offering activities and services on the academy premises.

The Trust recognises its responsibility to ensure that the offer of activities and educational visits does not place an unnecessary burden on family finances. To this end we will try to adhere to the following guidelines:

- where possible the academies will publish a list of visits (and their approximate cost) at the beginning of the academy year so that parents can plan ahead
- we have established systems within our academies for parents to pay in installments
- when an opportunity for a trip arises at short notice the academy may be able to arrange for parents to pay by installments beyond the date of the trip
- we acknowledge that offering opportunities on a 'first pay, first served' basis discriminates against pupils/students from families on lower incomes and we will avoid that method of selection.

The policy identifies activities for which:

- voluntary contributions may be requested
- charges will be made
- charges will not be made
- charges may be waived.

VOLUNTARY CONTRIBUTIONS

Trust academies will seek voluntary contributions to help fund the range of opportunities we offer. All requests for voluntary contributions will emphasise their voluntary nature and the fact that pupils/students of parents who do not make such contributions will be treated no differently from those who have.

No young person will be excluded from an activity on the basis of a parent's inability or unwillingness to pay this contribution. Trust academies reserve the right, however, to cancel an activity in its entirety if insufficient voluntary contributions are received.

The Law states:

- if an activity cannot be funded without voluntary contributions the Headteacher will make this clear to parents from the outset.
- no child will be excluded from an activity because his or her parents are unable or unwilling to pay.
- if insufficient contributions are received, the trip or activity may have to be cancelled.
- if a parent is unwilling or unable to pay their child will still be given an equal chance to partake.

CHARGES WILL BE MADE

The Trust academies reserve the right to make a charge for the following activities which may from time to time include:-

- **activities outside academy hours** - the academies will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the National Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below). Time spent on travel counts in this calculation if the travel itself occurs during academy hours.
- **residential activities held during academy hours** - charges may be made for the board, lodging and travel elements of residential activities held during academy hours. Parents will be notified in advance of any such activities which the academy proposes to organise and the estimated cost. Parental consent will be obtained for their children's participation in any such activities for which a charge may be made. However pupils/students whose parents are in receipt of certain benefits (see remissions policy below) may not be charged for board and lodging costs.
- **music tuition** – instrumental music tuition for individuals or groups of pupils/students, including tuition provided during academy hours.
- **home to academy student transport** - costs incurred by the academies in providing home to academy transport for students/pupils who live outside of the academies designated catchment area.
- **damage to property** - academies will attempt to recover some or all of the costs incurred repairing wilful damage or breakage of any academy property, or of any property belonging to a third party where the academy has been charged. The actual amount will be determined by the Headteacher.

Parents will be notified in advance of any ‘optional extras’ which the academies proposes to organise and the estimated cost. Parental consent will be obtained if their children are to participate in any activities for which a charge may be made.

Any charge for a particular activity will be dependent upon the type of activity and its cost and the number of participants. This charge will not exceed the actual cost of providing the activity, divided equally by the number of pupils/students willing to participate. The cost of other pupils/students participating in the visit will not be included in the charge. The charge may however include an appropriate element for such things as:

- the pupil/students travel costs
- the pupil/students board and lodging costs
- materials, books, instruments and other equipment
- non-teaching staff costs
- entrance fees to museums, castles, theatres, etc.
- insurance costs
- the expenses only of participating teachers engaged on a separate contract for services to provide the ‘optional extra’.

If the number of academy sessions on a residential trip is equal to or greater than 50% of the number of half days spent on the trip it is deemed to have taken place during academy hours (even if some activities take place late in the evening). Whatever the starting and finishing times of the academy day, regulations require that the academy day is divided into 2 sessions. A “half day” means any period of 12 hours ending with noon or midnight on any day.

CHARGES WILL NOT BE MADE

Charges will not be made for the following:

- an admission application.
- education provided during academy hours (including the supply of any materials, books, instruments or other equipment).
- education provided outside academy hours if it is part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil/students is being prepared for at the academies, or part of the academies basic curriculum for religious education.
- tuition for pupils/students learning to play musical instruments (or singing) if the tuition is required as part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the academies, or part of religious education.
- entry for a prescribed public examination, if the pupil/student has been prepared for it at the academies.
- examination re-sit(s) if the pupil/student is being prepared for the re-sit(s) at the academies. However, if a pupil/student fails, without good reason, to meet any examination requirement for a syllabus a charge will be made.
- education provided on any trip that takes place during academy hours.
- education provided on any trip that takes place outside academy hours, is part of the National Curriculum, or part of a syllabus for a prescribed public examination that the pupil/student is being prepared for at the academies, or part of the academy’s basic curriculum for religious education.
- supply teachers to cover for those teachers who are absent from academy accompanying pupils/students on a residential trip.
- transport provided in connection with an educational trip.

REMISSIONS

In order to remove financial barriers from disadvantaged pupils/students, the Trust has agreed that some activities and visits where charges can legally be made will be offered at no charge or a reduced charge to parents in particular circumstances. This remissions policy sets out the circumstances in which such charges will be waived.

Families will qualify for remission or help with charges if household income (including benefits, tax credits and allowances) is less than £16,190, or the family is in receipt of:

- Income Support
- income-based Jobseekers Allowance
- Child Tax Credit (provided you're not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190)
- Employment and Support Allowance
- support under part VI of the Immigration and Asylum Act 1999
- Guaranteed State Pension

Additional categories of parents may claim help with some costs in the following circumstances:

- specific individual circumstances that have caused temporary hardship.
- recently moved into hardship but not yet receiving the benefits mentioned above.
- made a specific request to the Headteacher for any other justifiable reason. The remission is at the Headteacher's discretion in these circumstances based on any evidence provided.