

Finance Policy

Financial Procedures, Administration and Control

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i) GLOSSARY OF TERMS

CBAT	Cotswold Beacon Academy Trust, a company limited by guarantee and exempt from using the suffix 'Ltd'
MAT	Multi Academy Trust
Accounting Officer	Holds delegated responsibility from the ESFA for the finance functions of the MAT
CEO	Chief Executive Officer of the MAT
FD	Finance Director of the MAT
Business Manager	Post responsible for the finance function in each Academy, holds some authorities as detailed in this Policy. In Academies without a local Business Manager, authorities are held by the Headteacher but may be delegated to a senior administration post
SDB	School Development Board , delegated authorities from the Trustees
DfE	Department for Education
ESFA	Education & Skills Funding Agency
Central Finance Manager	Post managing Trust finance function, holds some authorities as detailed in this Policy
Members	Responsible for the Trust as a whole, main function is to approve annual audit and set strategy of MAT
Trustees	Delegated authority by the Members to oversee the functions, policies and direction of the MAT
Directors	Title of Trustees registered at Companies House
Governors	Members of the SDB, delegated authorities from the Trustees to oversee the strategic functions of the individual Academy.
IA	Internal Assurance – an independent individual appointed by the Trustees to review the process and functions of the CBAT finance team
SAGE 200	Accounting Software used by CBAT
TSG	SAGE 200 provider and support
Elementary/EWP	Web portal to facilitate budget control and purchasing in individual Academies and departments
SDP	Strategic Development Plan – led by the Trustees for CBAT
AIP	Academy Improvement Plan – led by the SDB for the individual Academy
AFH	Academies Financial Handbook – produced by the DfE to with Academies must adhere. To be read in conjunction with this Policy.

ii) INTRODUCTION

The purpose of this document is to ensure that the Cotswold Beacon Academy Trust (the Trust) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreements with the Education Funding Agency (ESFA).

Each academy within the Cotswold Beacon Academy Trust (CBAT) must comply with the principles of financial control outlined in the academies guidance published by the ESFA in the Academy Funding Agreement and the Academies Financial Handbook. This policy expands on those and provides detailed information on the accounting procedures. These financial regulations must be read by all staff involved with financial systems and copies made available as necessary. It also provides a standardised approach to all finance related tasks within the Trust and its academies.

Compliance with the policy is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Accounting Officer. For the Cotswold Beacon Academy Trust (CBAT) this office resides in the Chief Executive Officer.

Staff responsible for aspects of financial management, including the Accounting Officer, the Finance Director, Headteachers, Central Finance Manager, Business Managers and the Finance Assistants, are trained in the appropriate procedures and records are kept of this training. All the duties of these staff are recorded and a note kept of who can carry out the various duties in their absence.

All staff should be 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.

The Trust Board will be responsible for reviewing key 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 Finance Director, Headteachers and the relevant School Development Board.

1. ORGANISATION

The Cotswold Beacon Academy Trust is a Multi Academy Trust. The Trust is a company limited by guarantee with charitable status and all academies within the Cotswold Beacon Academy Trust are governed by one Trust (the Members) and a board of Trustees. Trustees are also called Directors (with regard to their responsibilities to Companies House) and the term Trustees and Directors have been used interchangeably in this document. The Trustees/Directors have a different status to the Members of the academy Trust.

The Members of the Company shall comprise:

- The signatories to the memorandum;
- The Chairman of the Trustees.
- Any additional persons appointed by a special (75%) resolution.

The Members shall appoint up to 12 Trustees;

- Up to ten (10) shall be appointed seeking to ensure that there is an appropriate mix of skills on the Board and considering recommendations of the Trustees.
- One (1) should be the Chief Executive Officer.
- One (1) should be the Finance Director.

The Trustees must establish separate committees to be known as School Development Boards (SDB) for each Academy and will ensure that each SDB shall include at least 2 elected representatives of the parents of students attending the relevant Academy.

2. ROLES AND RESPONSIBILITIES

The main responsibilities of the MAT are prescribed in the Funding Agreements with the ESFA. The key responsibilities include:

- Ensuring that grants from the ESFA 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 a Chief Executive Officer (as Accounting Officer).
- Appointment of the Finance Director in conjunction with the Chief Executive Officer.
- Ensuring 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 Trustees 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 for Trustees, Governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

Trust Board

The main responsibilities of the Board 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's finances.

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.

2.1 Role of the Chief Executive Officer

The Chief Executive Officer has overall responsibility for the Trust's activities including financial activities. As the Accounting Officer for the Trust, the Chief Executive Officer 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.
- Ensuring that measures are in place to prevent loss and misuse of the Trust's property and assets.

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 Policy, 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 must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. The Accounting Officer must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

In practice, much of the financial responsibility is delegated to the Finance Director but the Chief Executive Officer still retains responsibility for:

- Approving new staff appointments within the Trust.
- 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 A).
- Preparing budget plans in conjunction with the Finance Director.
- Implementing expenditure in line with the Trust budget.
- Seeking Trustees approval for purchase orders or contracts in excess of delegated thresholds.
- Submitting reports to the Trustees giving details of income, expenditure and commitments to date.
- Ensuring any actions resulting from the annual audit are implemented.

2.2 Role of the Finance Director

The Finance Director, works in close collaboration with the Chief Executive Officer through whom they are responsible to the Members. The Finance Director also has direct access to the Trustees and Governors. The main responsibilities of the Finance Director are:

- Day to day management of financial issues including the establishment and operation of a suitable accounting system for the Multi Academy 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 Chief Executive Officer and Headteachers.
- The maintenance of effective systems of internal control.
- Maintenance of adequate fixed asset registers.
- 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 A).
- 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 and a cash flow forecast.
- Ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.
- Undertaking internal risk reviews for each of the Primary Academies in the Trust, focusing upon the systems of internal control at each Academy.
- 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 Trust Finance Team

The main responsibilities of the Trust Finance Team are to:

- Work within the budgets set by the Trustees.
- Carry out monthly reconciliation of the Trust bank accounts.
- Invoice processing, authorisation (following authorisation limits) and payment.
- Distribute credit card statements to each Academy for reconciliation.
- Prepare year-end audit paperwork and spreadsheets.

2.4 The Role of the School Development Board

The role of the School Development Board in Academy financial administration is:

- Work with the Headteacher and CBAT Executive Team to plan the Academy budget to meet the priorities of the Academy Improvement Plan. Submit the planned budget via the School Development Board for Trustee approval
- Review reports from the Headteacher comparing income and expenditure with budget, highlighting any areas of deviation or concern and agreeing strategies to mitigate these, including any requests to the Trust for budget virements
- Submit to the Finance Director any proposed write-offs and disposals of surplus stock and equipment.
- Review matters relating to security of academy assets identifying any concerns
- Respond to any requirements of Internal Assurance reports (including fraud or irregularity) and areas for improvement identified by the Finance Director
- Review matters relating to lettings outside Academy hours
- Work with the Headteacher and CBAT to determine Insurance arrangements that sit outside of the Risk Protection Arrangement (RPA)
- Observe proper levels of delegation and protocols, in conjunction with the FD and Accounting Officer.
- To maintain a register of pecuniary interests for Governors and staff.

2.5 The Role of the Headteacher

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

- In consultation with the CEO, preparing the Academy Improvement Plan in accordance with priorities agreed by the Governors and submission of these plans to the School Development Board for approval, to be recommended to Trustees.
- In consultation with the FD, preparing the Academy budget in accordance with priorities agreed by the Governors and submission of these plans to the School Development Board for approval, to be recommended to Trustees.
- Managing internal control systems and internal financial transactions in accordance with the Multi Academy Trust's Finance Policy.
- Maintaining adequate financial records in accordance with Academies Financial Handbook.
- Setting limits of expenditure for members of staff authorised to place orders.
- Providing a regular budget monitoring report to Governors. This should report any variations in expenditure against the approved budget plan.
- Providing access to accounting and other relevant records to Audit, including School Fund(s), and implementing auditor recommendations where necessary.
- Checking that the Academy 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.
- 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 submissions for audit purposes.

2.7 The Role of the Academy Finance Team

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

- Placing purchase orders and recording goods received via the Elementary Portal.
- Credit card ordering and reconciliation.
- Petty cash administration and reconciliation.
- 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 Headteacher to present to Governors and submission to the Finance Director.
- Submitting pay returns to payroll as appropriate.
- Ensuring that invoice checking procedures are followed.
- Ensuring that, in conjunction with the Headteacher, authorisation of orders, invoices and schedules are in accordance with this Finance Policy and the Academies Financial Handbook.
- Prompt and intact banking of income and associated recording of income in accordance the Academies Financial Handbook.
- Administering the recording of income received, and payments made from the School Funds. Retention of all documents such as collection records and receipts to support the transactions processed through the School Funds. 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 ESFA.

2.8 The Role of Academy Staff

The role of staff, including department budget holders, in Academy financial administration is:

- To familiarise themselves with this Policy.
- To conduct all financial transactions relating to the school in accordance with this Policy.
- 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 Office for processing.

3. DELEGATED AUTHORITY TO THE TRUST

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

Liabilities and write-offs

The Trust may write off debts and losses, including any uncollected fines up to the following delegated limits, subject to a maximum of £250,000 as follows:

- 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.

The Trust should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. The Trust should only consider writing-off losses after careful appraisal of the facts. However, there will be both practical and legal limits to how cases should be handled.

The amounts for write-offs are before any successful claims from an insurer.

Beyond these limits the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

The FD will report and seek approval for writes offs exceeding £1,000. At Academy level, the Headteacher should seek approval from the FD before writing off balances in excess of £500. All write offs exceeding £500 will be recorded.

Severance Payments

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

- That Trustees 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 Trustees successfully defending the case at an employment 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 Trustees 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 gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability 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 the ESFA, before any such payment can be made. The Trust in this situation should speak to their ESFA contact at the earliest opportunity to discuss.

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

- Statutory/contractual payment of £40k + non statutory/non contractual payment £49,999 = ESFA approval not required.
- Statutory/contractual payment of £80k + non statutory/non contractual payment £49,999 = ESFA approval not required.

- Statutory/contractual payment of £40k + non statutory/non contractual payment enhancement of £50k = ESFA approval required for the £50k enhancement only.
- Statutory/contractual payment of £80k + non statutory/non contractual payment £50,001 = ESFA approval required for £50,001 enhancement only.

Asset sales, leases and tenancy agreements

Academies must seek approval from the FD before entering into any type of lease, of any value.

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). Trusts that are in any doubt as to whether or not any particular lease does or does not involve an element of borrowing should resolve the issue by contacting their professional financial adviser and/or external auditor.

Academy Trusts must seek and obtain prior written approval from the ESFA, 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 seven or more years.
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land or buildings to another party.

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 ESFA approval. For the avoidance of doubt this means that operating leases on assets that are not land and buildings do not require ESFA approval. Leases should be disclosed in Trusts' annual accounts in accordance with the Academies Accounts Direction.

If an academy Trust does wish to enter into a lease that requires ESFA consent, then the Trust will need to contact the ESFA 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 ESFA 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 Members, Trustees, Governors and staff who can influence financial decisions, or spending powers, are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services.

The register is open to public inspections and should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust and trusteeships and governorships at other educational institutions and charities. 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 Member, Trustee, Governor or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency.

All relevant business and pecuniary interests of Members, Trustees, local Governors of academies within the Cotswold Beacon Academy Trust and senior employees must be published on the Trust's websites.

The existence of a register of business interests does not, of course, detract from the duties of Members, Trustees, Governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, Members, Directors, Governors and staff should withdraw from that part of 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 Board will undertake the process for independent checking of financial controls, systems, transactions and risks.

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

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

- The work of an internal assurance individual appointed by the Trustees.
- The performance of a supplementary programme of work by the Trust's external auditors.
- Completing the work by peer review.

Internal Assurance (IA) at Cotswold Beacon Academy Trust is performed by an external provider, appointed by the Trust Board. The IA will provide Trustees with an independent oversight of the Trust financial affairs. The main duties of the IA are to provide the Trustees and School Development Board (SDB) with independent assurance that:

- Financial responsibilities of the Trustees and SDB 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.

IA reviews will be undertaken by an agreed programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trustees.

The Finance Director will undertake internal risk reviews at each Academy in the Cotswold Beacon Academy Trust, focusing upon the systems of internal control at each Academy. A report of the findings from each visit will be presented to the Academy and to the Cotswold Beacon Academy Trust Board.

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 and Trustees are also responsible for preventing such losses of public funds, and this means that Members, Trustees and Governors must be aware of the risk of fraud and irregularity to occur within their organisations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The Trust is also responsible for ensuring appropriate action is taken where fraud and irregularity is suspected or identified. CBAT Fraud Policy outlines the procedures to be adopted in such an event.

All instances of fraud or theft committed against the Trust, whether by employees, Governors, Trustees or third parties, exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA 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 the accounts for an annual audit. This means that external auditors need to be appointed. The appointment should be for a one year period renewable at the discretion of the Trust.

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 ESFA.
- Proper accounting records have been kept by the Academy throughout the financial year.
- Grants made by Cotswold Beacon Academy Trust have been applied for the purposes intended.

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

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 Assistant Headteacher (Marling School) – Data and Reporting. The Trust must appoint a Data Protection Officer, currently the FD.

All the financial transactions of the Trust must be recorded on the SAGE 200 accounting system operated by the CBAT Finance Office, currently housed at Marling School and via the Elementary portal 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 SAGE 200 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 SAGE 200 should be restricted and the Finance Director is responsible for determining the access levels for all members of staff using the system.

All leavers with previous access to SAGE 200 must have their access permissions formally removed.

6.2 Back-Up Procedures

The Finance Director is responsible for ensuring that there are effective back up procedures for the system. The SAGE accounting system is operated on a dedicated in-house virtual server, situated in the server room at Marling School, and includes;

- Limited access to server for Finance Team Security Group only, ensuring only authorised users can access the data.
- A daily snapshot of the entire server is taken and held securely in a remote location.

The Finance Director 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 Trustees 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 the following sections of this document. All journal entries must be documented in SAGE 200. Bank transactions should be input by the CBAT Finance Office and the input should be checked, and signed to evidence this check, by the Finance Director.

Detailed information on the operation of the SAGE 200 can be found in the help section and online user manuals provided by SAGE.

6.4 Transactions Reports

The Finance Director 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 procurement card statements.
- Monthly VAT returns.
- Monthly aged debtor and creditor reports.
- Management accounts summarising expenditure and income against budget at budget holder level.

6.5 Reconciliations

The CBAT Finance Office is responsible for ensuring the following reconciliations are performed each month for the Trust, and that any reconciling or balancing amounts are cleared:

- Payroll.
- Bank balance per the nominal ledger to the bank statement.
- VAT
- Trial balance.

Business Managers at all Academies in the Trust are responsible for ensuring the following reconciliations are performed each month for the Trust, and that any reconciling or balancing amounts are cleared:

- Petty cash account reconciliations.
- Procurement card statements.
- Individual salary payments.

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

7. FINANCIAL PLANNING AND REPORTING

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 Development Plan (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 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 The Strategic Development Plan (SDP)

The SDP is concerned with the future aims and objectives of the Trust and how they are to be achieved; that includes matching the Trust's 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 SDP are matters for each Trust to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the Chief Executive Officer will propose a planning cycle and timetable which allows for; a review of past activities, aims and objectives, definition or redefinition of aims and objectives, development of the plan and associated budgets, implementation, monitoring and review of the plan and feedback into the next planning cycle.

The completed SDP will include detailed objectives for the coming academic year and the wider Academy Improvement Plans (AIP) will outline objectives for the following year as well.

Each Academy will develop its own Academy Improvement Plan (AIP) taking into account the wider objectives of the Trust and any annual guidelines from the DfE.

7.2 Annual Budgets

Annual budgets will reflect the best estimate of the resources available to the 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 students to estimate the amount of ESFA 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.

If a potential surplus is identified at an individual academy within the Trust, this may be held back as a contingency or alternatively carried forward to invest in future years' priorities for the students that the academy serves.

The Finance Director, in conjunction with the Chief Executive Officer, is responsible for preparing and obtaining approval for the Trust's annual budget, which aggregates the budgets of each academy in the Trust. The budget must be approved by the Members.

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

7.3 Monitoring And Review

Budget monitoring reports are available in the SAGE 200/Elementary reporting suite in which actual variances are highlighted against budget allocations. Monthly reports should be prepared for each Academy in the Trust. The reports will detail actual income and expenditure against budget for the period of reporting, the year to date and a forecast of projected year end balances.

Each Academy should present a monthly monitoring report to the Finance Director, who will produce and provide a monthly aggregated report for the Chief Executive Officer and the Chair of Trustees.

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 Finance Director and, if necessary, approval will be sought from Trustees before commitment.

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 SAGE. There should be a monthly reconciliation of the bank account to SAGE. 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 Governors with a “true and fair” view of the Academy’s financial position the reports must include committed expenditure. For information to be complete expenditure that the Academy has been committed to including details of orders and invoices outstanding must be included.
- **Understandable**
Reports need to be understandable to the intended recipient; in particular financial reports to Governors 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 ESFA 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.

7.4 Virement within Budget Share

The Headteacher is authorised to vary the academy annual budget. 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 Academy Improvement Plan. This variation, known as a ‘Virement within Budget Share’ shall not exceed £5,000 in a Primary Academy and £25,000 in a Secondary Academy. A ‘Virement within Budget Share’ in excess of £5,000 or £25,000, as appropriate, should be reported to the School Development Board.

8. PAYROLL

The main elements of the payroll system are:

- Staff appointments
- Payroll administration
- Payments

8.1 Staff Appointments

The Trustees have approved a personnel establishment for each Academy in the Trust and the Headteachers at each Academy must ensure that adequate budgetary provision exists for any establishment changes.

Trustees have the authority to appoint the Chief Executive Officer.

Trustees have the authority to appoint the Finance Director.

Trustees have the authority to appoint the Headteacher at each Academy.

Each Academy in the Trust maintains personnel files for all members of staff which include signed contracts of employment. All personnel changes must be notified to the Central Finance Office immediately.

The Chief Executive Officer is responsible for ensuring that the Trust's pay policy is implemented.

The Chief Executive Officer is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and Business Managers & Business Administrators will be responsible for maintaining accurate records of all staff employed at their Academy in a single central record.

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

8.2 Payroll Administration

The Trust's payroll is administered by Education Personnel Management (EPM).

Amendments to payroll, e.g. appointments, resignations, pay changes and overtime, are made by the Business Managers through a secure data transfer system and authorised by the Headteacher at each Academy or the FD.

All supply teacher, casual working and overtime claims must be checked and confirmed by the appropriate budget holder and must be forwarded promptly to the Academy's finance office. The Finance Director will check a sample of supply teacher, overtime, casual and expenses as part of the internal independent checking procedures 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.

The EPM 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 EPM payroll reports.

The Finance Director will obtain a monthly simulation payroll report from the EPM secure data transfer portal. The Finance Director will undertake a check against the latest staffing budget. Any variations should be investigated and queries raised immediately with EPM.

The Business Manager in each Academy will obtain a monthly live payroll report from the EPM secure data transfer portal for checking prior to authorisation. The report should be signed by both the Business Manager and the Headteacher to confirm that all necessary checks have been undertaken.

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 who are not contracted employees.

Business expenses claims may be processed and paid directly by BACS by the Central Finance Office unless it relates to a benefits in kind payment. Valid receipts must be held and retained in support of any reimbursements. Mileage claims must be processed via the Trust's payroll provider. The Trust may determine their own rates of reimbursement for mileage claims but if they exceed the HMRC Approved Rate they will render the claimant liable to income tax and N.I. on the excess amount. The MAT therefore maintains its rate of reimbursement for mileage claims at or below the current HMRC Approved Rates.

Any unusual payments or benefits to staff must have prior approval from the FD. Staff should note that under no circumstances will alcohol purchase be reimbursed.

9. PROCUREMENT

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 Academy is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the Academy are dealt with on a fair and equitable basis.

9.1 Purchase Orders

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by their Governing Body. 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. Budgets are available to view on the Elementary Portal.

All orders must be placed via the Academy Finance Office or onto the Elementary Portal.

The Academy Finance Office and Central Finance Team will adhere to the following controls:

- Orders will be placed using Purchase Ordering through the SAGE 200 accounting system which automatically updates the financial records and enables committed expenditure to be included in management information for Governors.
- Orders will normally be emailed to suppliers, in order to reduce timelines.
- Orders should not be entered into verbally and, unless a Purchasing Card has been used, orders should always include the Trust's terms and conditions of the order to protect the Trust against terms and conditions imposed by suppliers in the absence of quoted terms & conditions.

- In exceptional circumstances (e.g. emergency repairs) or orders below the value of £200 an order may be placed by telephone or online without raising a Purchase Order. In such circumstances an order confirmation should be retained to match to the invoice.
- 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 Orders' to obtain work, goods, materials and services net of VAT.
- Orders must be delivered to Trust premises.
- **Orders under £1,000** can be approved 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 CBAT Finance Office.
 - Bulk purchasing of common consumables.
 - Negotiating discounts.
 - Taking advantage of sale seasons.
 - Obtaining alternative quotations wherever possible.

These orders should be authorised by the Business Manager at the Primary Academy or the Budget holder or Finance Manager at the Secondary Academy.

- **Orders over £1,000** will be supported by at least three written quotations which should be obtained to identify the best source of the goods/services.

Quotes should;

- Be obtained from three independent companies that are identified and approached separately by the Academy.
- Be of identical specification. If a specification has been sought from a single supplier, this supplier should not be asked to quote or the specification should be checked by the Finance Director or a further specification should be sought for comparison. If the specification changes during the quote process, even if this is of benefit to the Academy, each supplier should be given the opportunity to re-quote.
- Be in writing (including email) and should include the suppliers contact details, including registered office (in addition to regional office), company registration number, quotation number and contact telephone number.

Written details of quotations obtained should be prepared and retained with the purchase order for audit purposes.

Telephone quotes are acceptable if these are evidenced, and written 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 Central Finance Office.

Exceptions to the above process may be approved, on request, by the FD, up to a limit of £5,000

The authorisation limits have been set by the Trust board as set out in Appendix A

The Academy budget holder or the Academy Finance Office 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.

9.2 Business Credit Cards

Business Credit Cards are held by named cardholders in each Academy. Any cards held by anyone other than the Accounting Officer, Headteacher, Business Manager or Marling School Finance Manager 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.

Credit cards must not be linked to personal accounts and goods must always be delivered to Trust premises.

All receipts must be produced and reconciled monthly to the monthly statement by the Business Manager and reviewed and signed off by the Headteacher or Finance Director.

Monthly statements will be received by the CBAT Finance Office and distributed to each academy.

The Finance Director will check a sample of each academy's monthly reconciliations as part of the internal independent checking procedures to ensure that the business charge card system is operating correctly.

9.3 Invoice Processing

When invoices are received, under normal circumstances, the purchase order and goods received note will be attached and it will be passed for payment to the CBAT Finance Office, with no further authorisation necessary.

Invoices received at an Academy should be sent to the Finance Office to be checked against the SAGE 200 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 Business Manager or CBAT Finance Manager.
- The receipt of goods and services should be recorded on the Elementary Portal. 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 Finance Office should be notified. The Business Manager will keep a central record of all goods returned to suppliers.
- Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately.

Should there be no Purchase Order, the Invoice must be checked as received, signed by the Budget Holder (and any necessary counter-signatory) and passed to the CBAT Finance Office for payment.

If the invoice has a Purchase Order but the amount of the invoice is +/- 5% from what was expected, the Invoice must also be re-authorised by the Budget Holder.

9.4 Creating or Amending Suppliers

All requests for new suppliers must be sent from a valid Academy email address to the CBAT Finance Office so relevant checks may be completed.

Any amendment request to supplier details should be sent to CBAT Finance Office with evidence of the change on the supplier's headed paper.

9.5 Checking of Supplier Statements

All supplier statements should be checked upon receipt against 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 Finance Director 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.

10. RECONCILIATION PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the Academy's account(s) are valid and verify that they are the responsibility of the Academy. The Headteacher is responsible for ensuring that controls are in place for these checks to be carried out. The Headteacher will delegate this role to the Academy's Business Manager.

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

- **Payroll** – The Business Manager in each Academy will obtain a monthly simulation payroll report from the EPM Service secure data transfer portal and review it for accuracy. Any variations should be investigated and queries raised immediately with EPM.

The Finance Director will obtain the monthly live payroll report from the EPM secure data transfer portal and undertake a further reconciliation of each individual payment against the latest staffing budget.

- **Bank balance per the nominal ledger to the bank statement** – are prepared by the CBAT Finance Office in consultation with the Business Managers at least on a monthly basis. Reconciliations are subject to a monthly review carried out by the Finance Director and all adjustments arising are dealt with promptly.
- **Credit cards** - monthly statements will be received by the CBAT Finance Office and distributed to each academy. All receipts must be produced and reconciled monthly to the monthly statement by the Business Manager and reviewed and signed off by the Finance Director.
- **Petty cash** - all receipts must be produced and reconciled monthly by the Business Manager.

Any unusual or long outstanding reconciling items must be brought to the attention of the Finance Director who will sign the reconciliation as evidence of review.

11. PETTY CASH ACCOUNTS

A petty cash account has only been approved to be held, with a maximum cash balance of £100 for each Academy. The cash is administered by the Academy Finance Office with reimbursements made from the Finance Office on production of supporting vouchers and receipts.

The only deposits to petty cash should be from withdrawal on the credit card cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

In the interests of security, petty cash payments will be limited to £20. Higher value payments should be made directly from the main bank account as a purchase order.

Personal cheques must not be encashed from petty cash funds.

Expenditure is recorded manually in the first instance. Expenditure is then processed into the SAGE 200 accounting system against the appropriate cost centre.

The Academy Finance Office is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Business Manager to ensure that the cash balance reconciles to supporting documentation and the SAGE balance.

The Finance Director should spot check academy petty cash reconciliations.

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

12. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS

The School Development Board is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control

12.1 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 and Central Finance Office immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £10,000, unless a higher limit is specifically agreed with insurance.

Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, Governing Body and the Chief Executive Officer.

Steps must be taken by the Headteacher 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 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 Trust shall register with the Information Commissioner, and comply with all regulations relating to by the Data Protection Act 1998.

12.2 Inventories

An asset register should also be maintained in a format agreed with Trustees, 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 £1,000.

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 Multi Academy Trust's financial system.
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on an annual basis for preparation of the year end accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Business Manager will discuss these items on an individual basis.

The Multi Academy Trust has determined appropriate depreciation rates, based on the assessment of the useful economic life and expected residual value when the assets are acquired. Depreciation will be charged annually using the following straight line percentages:

- Freehold Buildings 50 years straight line
- Leasehold Buildings 50 years straight line
- Leasehold land: 125 years straight line
- Furniture & equipment: 25% straight line
- Computer equipment & software: 25% straight line
- Motor vehicles: 25% straight line
- Plant & Machinery 15% straight line

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 School Development 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.

12.3 Acquisitions and Disposal of Assets

The Trust must seek and obtain prior written approval from the ESFA, for the following transactions:

- Acquiring a freehold on land or buildings.
- Disposing of a freehold on land or buildings.
- 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 ESFA's prior approval. The Trust must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the ESFA on that basis. Novel payments or other transactions are those in which the Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by the public or the media. It is difficult to be specific about what might constitute novel or contentious payments; it is for Trusts to use their judgement about when they should seek the prior advice of the ESFA. Public money must always be spent prudently and in ways that command broad public support.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where the purchase price is over £1,000, 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 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 (purchase price).

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner. Prior-approval from the Finance Director is required for disposal of all Trust IT assets and assets which cost over £1,000 at the time of purchase (including cumulatively).

12.4 Loan of Equipment

Items of Academy property must not be removed from Trust 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 Trust's auditors.

13. INSURANCE ARRANGEMENTS

The Trust is part of the ESFA's Risk Protection Arrangement.

The following are not covered by the RPA and additional insurance should be sort for;

- Minibus and Motor Vehicles
- Engineering and Plant Inspection

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 Academy's insurance at an additional cost, or must produce a valid public liability insurance with indemnity up to £5,000,000.

14. RECEIVING INCOME

The main sources of income for the Trust are the grants from the Education Funding Agency (ESFA). The receipt of these sums is monitored directly by the Finance Director 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.
- School meal sales.
- Extended day services and nursery provision.
- 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 Charging and Remissions 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 Governing Body's policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances, charges are determined at the discretion of either the Headteacher, the Chief Executive Officer or the Finance Director.

Bookings for lettings are made through the Facilities Administrator or Academy Finance Office. Invoices are raised on SAGE by the Central Finance Office.

All monies must be banked, in their entirety, in the Trust bank account. The Business Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and counter-signed.

All outstanding invoices should be reviewed each month by the Academy Finance Office and pursued to ensure that the Academy receives all monies due. (See Debt Recovery Policy)

Academies may write off debts and losses, including any uncollected fines subject to a maximum of £1,000.

All write off debts and losses of any value should be reported to the Finance Director. The Finance Director will report any write offs or losses with a value in excess of £250 to the Trust Board.

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.

15. MISCELLANEOUS ISSUES

15.1 Register of Interests

Each School Development Board shall maintain a Register of Interests that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any Governor, Headteacher or any other member of staff. All Governors and members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the Academy.

The Headteacher shall keep the Register up to date as new Governors or staff join the Academy and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- The name of the relevant member of staff.

- The company or organisation the member of staff has an interest in.
- What the interest is.

Those Governors or staff not holding any pecuniary interests must submit a nil return.

Any relevant business and pecuniary interests, especially related parties, of Trustees and Members must be published on the academy website.

15.2 Related Party Transactions

Academies must report all orders, contracts and agreements with related parties to the Finance Director in advance of the contract/order commencing.

15.3 Gifts

All gifts to the Academy, or employees of the Academy, of a value in excess of £25 either in kind or in money should be recorded. See Anti-bribery and Corruption Policy

15.3 Expenses Paid To Governors

Expenses may be paid to Governors in accordance with DfE/ESFA guidance.

15.4 Audit

CBAT will be subject to termly (three times per year) Internal Assurance audit as per the Academies Financial Handbook. Also, the Trust will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House.

15.5 Risk Register

The School Development Board of each Academy will maintain a Risk Register of risks specific to their Academy to be held in conjunction with the Risk Register for the Trust as a whole. The Risk Registers will be reviewed by the Trust Board at least annually.

16. OTHER MATTERS

Services provided by sponsors and sponsor-related bodies

The Trust must ensure that any contracts for services provided to the Trust are properly procured and present value for money. The Trust must ensure that sponsor fees and consultancy rates included within contracts are reasonable, represent value for money and are good use of public funds.

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 ESFA. 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 ESFA 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 students. Therefore, it is important that if any Academy in the Trust has a substantial surplus, they have a clear plan for how it will be used to benefit their students.

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

Deviation from the Trust Finance Policy or Academies Financial Handbook

The CBAT protocol is for all Academies to have the maximum level of autonomy in all aspects of its functioning. However, the Trustees recognise that the areas of financial autonomy and standards autonomy are those of highest risk to the overall efficient and effective functioning of the CBAT as a whole. Therefore, these are the areas in which procedures need to be addressed immediately in terms of effective monitoring and evaluation. This will ensure that accurate assessment of each academy's position in relation to these two areas is made, identification of any issues to be addressed is timely and accurate, and plans for remedial action are structured and likely to be successful.

Different academies will 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 Finance Director, the Chief Executive Officer 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 will be situation dependent and decided on by the Chief Executive Officer and the Trust Board utilising the advice of the Finance Director.

The table below identifies general levels of autonomy that might be applied to an individual Academy and the kind of identification and notifications that are needed. All reductions in autonomy will be detailed for the Head and School Development 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 effected.

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/SDB	FD: Through regular financial and budgetary monitoring and evaluation done by FD	Verbal highlighting of issues by FD to Head/SDB to enable remedial actions before next SDB 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 SDB but with wider controls/some restrictions on some high level staff employment, capital programmes and larger expenditures or virements of the budget	FD: Through regular financial and budgetary monitoring and evaluation done by FD and then CBAT Trustees: Through follow up reporting by FD to Trustees who direct FD action	Written reports of FD of detailed recommendations of FD and the CBAT Trustees to remedy any issues identified. Followed by a recorded letter of extent of reduction in autonomy from CEO to SDB
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	FD/CEO and Trustees: Through regular financial and budgetary monitoring and evaluation done by FD/CEO and then the Trustees identifying remedial actions	Letter from CEO to SDB outlining issues and detailed recommendations of FD and the CBAT Trustees 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, capital programmes and all larger expenditures or virements of the budget	CEO and Trustees: following extensive monitoring and evaluation by FD/CEO and the Trustees they make all necessary recommendations for reductions in autonomy	Letter from Chair of Trustees to SDB outlining issues and detailed recommendations of FD and the CBAT Trustees that must be immediately 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 CBAT Trustees	Trustees: following extensive monitoring and evaluation by FD/CEO and Trustees they remove all financial autonomy to prevent further financial risk/damage	

Appendix A

Financial Regulations Authorisation Limits

Expenditure Limits

<u>Role</u>	<u>Authorisation to approve</u>
Chief Executive Officer	£25,000
Chief Executive Officer and Finance Director (Jointly)	£25,000-£75,000
Headteacher (secondary)	£25,000
Headteacher (primary)	£5,000
Business Manager (secondary)	£5,000
Business Manager (primary)	£1,000
CBAT Finance Manager	£1,000
Secondary Budget Holders	£1,000

Business Credit Card Limits

Secondary	£3,000
Primary	£1,000

Virement Limits

Headteacher (secondary)	£25,000
Headteacher (primary)	£5,000

Ordering Process

Three written quotes	above £1,000
Three written quotes and approval from SDB	above £25,000
Formal Tendering	above £75,000

Appendix B

Tendering Procedures

All goods/services ordered with a value over £75,000 must be subject to formal tendering procedures. Purchases over 207,000 Euros for goods and services and 5,186,000 Euros for the procurement of works (EU threshold effective from 01/01/2014) will require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook.

Ordering goods which may potentially be over £75,000 must be discussed with Finance Director prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Director how best to advertise for suppliers, e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs.
 - A large number of suppliers would come forward or because of the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements.
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - The above methods have resulted in either no or unacceptable tenders.
 - Only one or very few suppliers are available.
 - Extreme urgency exists.
 - Additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to:

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

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

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

An invitation to tender should include the following:

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

Aspects to Consider

- Financial
 - Like should be compared with like and, if a lower price means a reduced service or lower quality, this must be borne in mind when reaching a decision.
 - Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
 - Is there scope for negotiation?
- Technical/Suitability
 - Qualifications of the contractor.
 - Relevant experience of the contractor.
 - Descriptions of technical and service facilities.
 - Certificates of quality/conformity with standards.
 - Quality control procedures.
 - Details of previous sales and references from past customers.
- Other Considerations
 - Pre sales demonstrations.
 - After sales service.
 - Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

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

Tendering Opening Procedures

- All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
 - For contracts up to £75,000: two of the budget holder, the Business Manager or Headteacher and the Finance Director.

- For contracts for goods and services over 207,000 Euros or the procurement of works over 5,186,000 Euros (EU threshold effective 01/01/2014): either the Business Manager or the Headteacher, the Chief Executive Officer plus a member of the School Development Board.

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

Tendering Procedures

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

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

Full records should be kept of all criteria used for evaluation. For contracts over £75,000 a report should be prepared for the Trust Board, highlighting the relevant issues and recommending a decision. For contracts for goods and services over 207,000 Euros or the procurement of works over 5,186,000 Euros (EU threshold effective 01/01/2014) the decision and criteria should be reported by the School Development Board of the Governing Body to the Trust Board for approval.

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

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

Appendix C

Best Value Statement for School Development Boards

Introduction

The School Development 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. Governors need to secure the best possible outcome for students, 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

Governors 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.

The Governors' Approach

The Governors and Academy Managers 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 students.

The Governors and the Academy Managers 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 and students, and services we receive from providers.

This will apply in particular to:

- **Staffing**
Governors and Academy Managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-student ratio, and curriculum management.
- **Use of premises**
Governors and Academy Managers 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**
Governors and Academy Managers will deploy equipment, materials and services to provide students and staff with resources which support quality of teaching and quality learning.
- **Quality of teaching**
Governors and Academy Managers will review the quality of curriculum provision and quality of teaching, to provide parents and students with a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the students and teaching which builds on previous learning and has expectations of children's achievement.

- **Quality of learning**

Governors and Academy Managers will review the quality of children's learning by setting of student achievement targets.

- **Purchasing**

Governors and Academy Managers will develop procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.

- **Student's welfare**

Governors and Academy Managers 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**

Governors and Academy Managers 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 students, staff and visitors.

These areas will be monitored 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 internal assurance and audit report
7. Analysis of Academy student performance data
8. Analysis of LA/DfE financial data
9. Analysis of DfE student performance data
10. Key issues for action identified by OFSTED
11. Governors termly committee meetings
12. Governor's annual staff salary review

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.