



Community Schools  
Alliance Trust

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*Improving Every Learner's  
Life Chances*

# **Financial Regulations, Governance and Administration Document**

Person responsible for policy: Accounting Officer

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# Part One

## Community Schools Alliance Trust

### Introduction

The purpose of this document is to ensure that Community Schools Alliance Trust (CSAT) maintains and develops systems of governance, management and financial control which conform to the requirements of good governance, propriety and of financial management. It is essential that these systems operate properly both to meet the requirements of our funding agreements with the Education and Skills Funding Agency (ESFA), and for the proper discharge of their duties and responsibilities by the Trustees.

As a Multi Academy Trust (MAT), CSAT and the constituent academies collectively must comply with the principles of governance and financial control outlined in the academies guidance published by the ESFA in the Academy Funding Agreement and the Academies Financial Handbook, as amended from time to time. This document expands on those and provides detailed information on the accounting and other procedures. These financial regulations must be read by all staff involved with financial systems and copies are made available as necessary. It also provides a standardized approach to all finance related tasks within the wider trust and the individual academies.

Compliance with this document is mandatory and any contravention of procedures must be brought to the attention of the Accounting Officer. The Head of HR and Compliance of CSAT is the Accounting Officer.

All staff, including the Accounting Officer, the Chief Financial Officer, Headteachers, Senior Finance Officer and the Finance Assistants who deal with financial matters, are trained in the appropriate procedures. All their duties are recorded and a note kept of who can carry out (if required) the various necessary duties in their absence.

All staff are aware of the Academy Trust's whistleblowing policy and to whom they should report any concerns regarding malpractice and wrongdoing. CSAT will take steps to ensure any suspected financial irregularity will be reported to the DfE.

The CSAT Audit Committee will be responsible for reviewing the controls and procedures of all the financial systems operating within the trust and will agree an annual programme of work to deliver internal scrutiny through an in-house internal audit service reporting independently to the committee.

## **1. ORGANISATION**

CSAT is a MAT. The trust is a company limited by guarantee with charitable status and all academies within CSAT are governed by one trust (the Members) and one board of Trustees.

There shall be four Members of the Company, one of whom shall be the Chair of the Trust Board (ex-officio).

The Members shall appoint up to six Trustees.

The Trustees shall establish a Finance and Resources Committee of the Board to provide oversight, monitoring and control of the financial situation, plans and budgets of CSAT and its constituent individual academies, and oversee the policy framework for staffing, premises and equipment in all the schools.

The Trustees must establish a separate committee to be known as a Local Governing Body for each Academy. The Board shall delegate specific and appropriate powers and responsibilities to the Local Governing Bodies.

The Trust shall notify the DfE via 'Get information against schools' within 14 days of the appointment or vacating of the positions of Member, trustee, local governor, Chair of Trustees, Chair of local governing body, Accounting officer and chief financial officer.

## **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 and appointment of auditors
- compliance with the Academies Financial Handbook, ESFA Academies Guidance issued from time to time and specific ESFA Academy reporting requirements;
- appointment of an Accounting Officer
- appointment of the Chief Financial Officer in conjunction with the Accounting Officer
- ensure regularity, propriety and value-for-money in relation to the management of public funds. All Trustees shall complete a Declaration of Interest form on appointment and annually at the first board meeting of each academic year.

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 Academy 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, members of local governing bodies and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- MAT Board
- Finance and Resources 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 MAT finances.

## 2.1 ROLE OF THE ACCOUNTING OFFICER

The Accounting Officer has overall responsibility for the MAT's activities including all financial activity. As the Accounting Officer for the MAT, they are personally responsible for:

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

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

- approving any senior staff posts which the Trustees have agreed should be approved by them
- authorising orders and contracts and signing in conjunction with other authorised signatories in accordance with the agreed Scheme of Delegated Financial Authority (Appendix A)
- preparing budget plans in conjunction with the Chief Financial Officer and Headteachers
- implementing expenditure in line with the Academy budget
- seeking Board approval for purchase orders or contracts in excess of delegated thresholds
- submitting reports to the Board of Trustees giving details of income, expenditure and commitments to date
- ensuring any actions resulting from the annual and internal audit processes are implemented

## 2.2 ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer, works in close collaboration with the Accounting Officer. The Chief Financial Officer also has direct access to the Trustees and local governing bodies. 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 MAT's central finance area
- management of the CSAT financial position at a strategic and operational level within the framework for financial control determined by the members and Trustees

- preparation of budget plans in conjunction with the Accounting Officer and Headteachers
- the maintenance of effective systems of internal control
- 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 regular management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- additional roles, some of which are not directly finance related, as outlined in the Chief Financial Officer's job description

### 2.3 THE ROLE OF THE SENIOR FINANCE OFFICER, FINANCE ASSISTANTS AND BUDGET HOLDERS

Other members of staff, primarily the Senior Finance Officer, Finance Assistants and departmental budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual.

All staff, irrespective of post held, are responsible for the security and condition 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 RESERVED TO THE MAT

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

### **Liabilities and write-offs**

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 ESFA) to the transaction.

### **Severance Payments**

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

- Whether such a payment is justified, based on a legal assessment of the chances of the MAT 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 MAT 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 MAT 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 as a matter of course to consider 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 correct identified control and procedural failings.

Where the MAT is considering making a special staff severance payment or compensation payment of £50,000 or more above contractual entitlement (gross before deductions), prior approval will need to be sought from HM Treasury, via 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 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

### **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). 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 Secretary of State, via 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 more than seven years;
- Granting a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than seven years.

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.

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 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 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 members, Trustees, members of local governing bodies and senior 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 inspection and should include all business interests such as Trusteeships, shareholdings or other appointments of influence within a business or organization 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 member, director, governor or a member of staff by that person. Relationships with connected parties will require high standards of accountability and transparency. Disclosure requirements extend to positions of control in other trusts and charities.

All relevant business and pecuniary interests of members, trustees, local governing bodies of academies within CSAT and senior employees must be published on the academy trust's website and individual school websites.

The existence of a register of business interests does not, of course, detract from the duties of members, Trustees, members of local governing bodies and staff to declare interests whenever they are relevant to matters being discussed by the Local Governing Body or any committee. Where an interest has been declared, members, Trustees, members of local governing bodies and staff should withdraw from that part of any committee or other meeting.

All Trustees, members of Local Governing Bodies and senior staff who can influence financial decisions, or spending powers will be required to make a declaration of business interests on appointment and at the commencement of each academic year, or when such interest arises.

## 5. PROCESS FOR INDEPENDENT CHECKING

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

The Finance and Resources Committee also acts as an Audit Committee for the MAT and undertakes the process for independent checking of financial controls, procedures, systems, transactions and risks.

The committee will review the risks to internal financial control at the MAT 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 by an external audit service, reporting independently to the Finance and Resources Committee.

### 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 MAT are also responsible for preventing such losses of public funds, and this means that members, Trustees and members of local governing bodies must be aware of the risk of fraud and irregularity to occur within their organizations and they must, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. The MAT 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, whether by employees or members of local governing bodies or third parties, above £5,000 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 prepare the annual financial statements and to submit them for an annual audit. This means that appropriately qualified external auditors need to be appointed. The appointment should be for a one year period renewable at the discretion of the MAT.

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 the ESFA have been applied for the purposes intended

The MAT should arrange for on-going monitoring of the performance of the auditors to be undertaken by the Audit Committee (FRC).

## 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 for the Trust will be the Head of Governance and Compliance.

All the financial transactions of the MAT must be recorded on the Corero accounting system operated by the MAT Finance Department. In addition, each academy will run an additional appropriate system to record trips and cashless catering.

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 Corero accounting system, school cash systems such as Parentpay or Arbor, and the HCSS Budget system are protected by access permissions for authorised staff. Access permissions should be strictly controlled and individual log-ins and passwords must not be compromised or shared. Access to accounting and budgeting systems should be restricted and the Chief Financial Officer is responsible for determining the access levels for all

members of staff using the system. Schools are responsible for setting appropriate access permissions for their local cash system.

All leavers with previous access to Corero, school cash systems and HCSS must have their access permissions formally removed in a timely manner.

## 6.2 BACK-UP PROCEDURES

The IT Manager is responsible for ensuring that there are effective back-up procedures for the system.

The Chief Financial Officer and IT Manager 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 following sections of the document. All journal entries must be documented in Corero and hard copies retained. Bank transactions should be input by the Senior Finance Officer and Finance Assistants and the input should be checked, and signed to evidence this check, by a more senior member of the Finance Team.

Detailed information on the operation of the Corero, school cash and HCSS systems can be found in the respective user manuals.

## 6.4 RECONCILIATIONS

Finance personnel in schools are responsible for ensuring the following local 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
- procurement cards
- VAT
- trial balance

These items will be performed as part of a monthly accounting checklist and must be reviewed and signed as evidence of review. Regular management accounts and year end accounts will be prepared.

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 reconciliations as evidence of their review.

## **7. FINANCIAL PLANNING**

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

The medium-term financial plan is prepared as part of the strategic planning process. The Trust's Strategic Plan (SP) indicates how the MAT's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The SP provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the MAT 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 PLAN (SP)**

The SP is concerned with the future aims and objectives of the MAT and how they are to be achieved; that includes matching the MAT'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 SP are matters for the Board 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 Accounting Officer will propose a planning cycle and timetable which allows for a review of past activities, aims and objectives

The timetable will specify the deadlines for the completion of each of the key stages of the plan. Lead responsibility for the completion of each of the stages will be assigned by the Accounting Officer.

The completed SP will include detailed objectives for the coming academic year and will outline objectives for the following two years as well. The plan will also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured. The SP will also link to and contain summaries of individual academy development and improvement plans.

## 7.2 ANNUAL BUDGETS

Annual budgets will reflect the best estimate of the resources available to the Trust and each constituent academy for the forthcoming year and how those resources are to be utilised. There should be a clear link between the SP 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 ESFA grant receivable
- review of other income sources available to the trust and constituent academies within the MAT to assess the 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 MAT, this may be held back within the MAT as a contingency or alternatively carried forward in the MAT to invest in the future. The Reserves policy details the approach the MAT takes towards Trust surpluses.

It will be the responsibility of the Finance and Resources Committee to recommend to the full board an annual budget for the MAT and constituent academies. Such approval should be clearly minuted in sufficient time to allow prompt submission of aggregated plans to the ESFA 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 Accounting Officer, are responsible for preparing and obtaining approval for the MAT annual budget, which aggregates all the budgets within the Trust. The budget must be approved by the Board.

The approved aggregated budget must be submitted to the ESFA by 31 July each year (or at a date specified by the ESFA) 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 to produce outturn forecasts. Formal budget and outturn forecasts reviews will be undertaken during the financial year.

### 7.3 MONITORING AND REVIEW

Budget monitoring reports are produced within the monthly management accounts in which variances are highlighted for discussion and appropriate action. Regular reports will be prepared for the MAT and the constituent academies. The reports will detail actual income and expenditure against budget. An aggregated report for the Trustees of the MAT will also be provided by the Chief Financial Officer.

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

Senior Finance Officer at the school. Where material, any potential overspend should be referred to the Local Governing Body and where appropriate to the Chief Financial Officer.

Each academy should present monitoring reports to their Local Governing Body at least five times a year. The MAT Finance and Resources Committee considers a consolidated MAT finance report at each of its meetings. Any Academy may be required to present further information, including if appropriate, a recovery plan, at the MAT Finance and Resources Committee's request.

Management accounts will be shared with the Chair of the Trust Board on a monthly basis and with the other trustees six times a year.

## **8. PAYROLL**

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

### **8.1 STAFF APPOINTMENTS**

The MAT has approved a personnel establishment for each school in the MAT. The Headteacher at each school working with the Chief Financial Officer must ensure that adequate budgetary provision exists for any necessary establishment changes.

Trustees of the MAT have the authority to appoint the Accounting Officer.

Local Governing Bodies have the authority to appoint the Headteacher at each academy, unless they are in Special Measures in which case the Trustees will determine the process.

The appointment of a Chief Financial Officer must be approved by the Trustees of the MAT.

The academies maintain HR files (including contracts of employment) for all members of staff within their Academy. All personnel changes must be notified to the Head of HR and Compliance, Chief Financial Officer and relevant Headteacher immediately. A starters and leavers list will be produced monthly.

The Accounting Officer is responsible for ensuring that the Trust's pay policy is implemented and adhered to.

The Accounting Officer is responsible for ensuring that the statutory obligations around the safer recruitment policy and procedures are administered and the Academies will be responsible for ensuring the maintenance of accurate records of all staff employed at the schools in a single central record. The Academies will also be responsible for monitoring that the single central record is accurate, fully up to date and complies with all legal requirements.

Personnel information whether on manual files or in a computer system is held under the guidance of the Headteacher with access strictly limited to authorised officials only and separately on the Trust and schools' computer systems, for which relevant registration under the Data Protection Act is held.

## 8.2 PAYROLL ADMINISTRATION

CSAT use external payroll software through Orovia called Edupay.

Master personnel records are held across the Orovia software packages (BPS and Edupay), access to which is password controlled.

The master records should contain:-

- pay scale
- duty information & hours
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable

Each school has an HR Assistant who is responsible for ensuring all contract data is up to date. Changes to contracts, terminations or additional payments are prepared by the School HR Assistant and must be authorised by the Head Teacher / Head of the School in consultation with the Chief Financial Officer and Head of HR and Compliance. Details of any new appointments follow the same sign off procedures.

All overtime claims must be submitted to the Senior Finance Officer for checking, coding and processing. Payments for all staff must be authorised by the Head Teacher prior to submission. All claims are reviewed and signed off by the Chief Financial Officer.

Amendments to payroll data, e.g. appointments, resignations, pay changes and overtime, are processed by the HR Assistant at each Academy. A monthly starters/ leavers list will be prepared by each Academy.

### 8.3 PAYROLL PAYMENTS

All staff are paid monthly by bank credit transfer to their bank accounts on the last working day of the month.

The 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.

The Senior Finance Officer will prepare a monthly payroll report from the Edupay payroll system and input the necessary journal into the Corero accounting system. The reports will be de-aggregated and a reconciliation prepared against the latest staffing budget which will be signed off by the Chief Financial Officer. The Senior Finance Officer will also review the completed monthly reconciliation to verify the accuracy of payments made. Any variations should be investigated and reported to the Chief Financial Officer, and queries raised immediately with the HR Team. The reconciliations should then be submitted to the Head of HR and Compliance for review and to confirm that all necessary checks have been undertaken.

The MAT 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 school before receiving payment through the payroll
- where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice

Careful attention should be paid to repetitive payments to individuals.

Travel claims may be processed and paid directly by the Trust. The Trust may determine rates of reimbursement 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 will maintain its rate of reimbursement at or below the current HMRC Approved Rates.

## 9. PROCUREMENT

The Trust wants to achieve the best value for money from all our 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 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 trust and constituent academies
- **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.

### 9.1 ROUTINE PURCHASING

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. Details of actual expenditure against budget can be accessed by the Budget Holder at any time through the Web Portal. The portal also contains the details of orders placed but not paid for as 'commitments'.

The procurement of goods and services is the process potentially most open to abuse or mis-management and it is therefore essential to have strong financial controls to safeguard the school's interests and to ensure staff are fully protected. It is essential that all of the following controls are adhered to:

- Orders should not be entered into verbally.
- Each constituent academy will have a credit card and should be operated under the procedures in 9.2 below.
- The use of Corero ordering automatically updates the financial records and enables committed expenditure to be included in management information for trustees and local governing bodies.

- Only in exceptional circumstances (e.g. emergency repairs) may orders be placed by telephone. In such circumstances a confirmation order should be generated. Orders may be faxed to suppliers, in order to reduce timelines.
- 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 MAT. Private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials and services net of VAT.
- Orders can be raised by budget holders in line with delegated authority limits (Appendix A), who will be responsible for ensuring that reasonable steps have been taken to achieve Best Value. Best Value could be achieved by:
  - using a supplier chosen from the list of approved suppliers maintained by the Finance Office,
  - bulk purchasing of common consumables,
  - negotiating discounts,
  - taking advantage of seasonal sales
  - obtaining alternative quotations wherever possible.
- Where budget holders generate orders these will be imported into Corero by a member of the Finance Assistant.
- Quotes should be obtained in line with delegated authority limits set out in Appendix A 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 or email 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 Chief Financial Officer.

The budget holder 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 Academy 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 must 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 Finance Assistants should be notified.

All invoices should be sent to the academy to be checked against the purchase 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

Invoices will be authorised for payment by the relevant cost centre budget holder and then passed to the Finance Assistants for recording and payment through Corero.

## 9.2 BUSINESS CREDIT CARDS

Business Credit cards are held by one (or more) named cardholder in each academy. 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 to the MAT Chief Financial Officer. Both the cardholder and the Budget Holder are jointly liable for the integrity of all transactions and proper and controlled use of the procurement card.

Monthly statements will be received by the Finance Assistant at the finance office, and distributed to each constituent academy for matching with receipts and reconciliation.

All receipts must be produced and reconciled monthly to the monthly statement by the card holder, and passed back to the Finance Assistants.

The Senior Finance Officer will check each Business Credit card monthly reconciliation to ensure that the business credit card system is operating correctly. Where the Chief Financial Officer holds a procurement card it must be reconciled and passed to the Accounting Officer for signature.

## 10. OTHER MATTERS

### **Services provided by sponsors and sponsor-related bodies**

The MAT must ensure that any contracts for services provided to the Trust and/or constituent academies are properly procured and represent value for money. The MAT 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 MAT to make sense to enter into a transaction which is irregular, improper or does not provide value for money. In these circumstances the MAT 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 the 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 retain money 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 MAT has a substantial surplus, it has a clear plan for how it will be used to benefit both current pupils and to provide financial security for future pupils.

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.

## **Financial Deviance**

CSAT protocol is for all constituent academies to have a high level of autonomy in their operation. However, the CSAT Board recognises that financial and standards autonomy are those of highest risk to the overall efficient and effective functioning of CSAT as a whole. Therefore, these are the areas that need to be addressed immediately in terms of the effective monitoring and evaluation of each constituent academy in order 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 budgets and in reacting to adversity caused by sudden changes and/or unexpected difficulties. It is the role of the Chief Financial Officer, the Accounting Officer and the Board of the Finance and Resources Committee to identify what is happening, whether there are remediable issues or not, and what would be the most effective remedial action.

Any reductions in operational or financial autonomy will be situation dependent and decided on the basis of the financial deviance protocol by the Accounting Officer and the Board Finance and Resources Committee with advice from the Chief Financial Officer.

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 Headteacher and Local Governing Body of an academy required to operate with restricted autonomy 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.

<b>Level of Financial Autonomy</b>	<b>Control Over</b>	<b>Identification</b>	<b>Notification of move reducing autonomy to next level down</b>
<b>4 - Complete</b>	All aspects of financial and budgetary management (within the CSAT allocated budget), staff employment, resource procurement, capitation, and so on under the full control of the Head/LGB.	CFO: Through regular financial and budgetary monitoring and evaluation assisted by the SFO.	Verbal highlighting of issues by CFO to Head/LGB to enable remedial actions before next LGB meeting.
<b>3 – Largely</b>	Largely full autonomy with most aspects of financial and budgetary management (within CSAT allocated budget), resource procurement, capitation, and so on under the full control of the Head and LGB but with wider controls/some restrictions on some high-level staff employment, and larger expenditures or virements of the budget.	CFO: Through regular financial and budgetary monitoring and evaluation done by CFO and then CSAT FRC: Through follow up reporting by CFO to FRC who direct CFO action.	Written reports of CFO of detailed recommendations of CFO and CSAT FRC to remedy any issues identified. Followed by a recorded letter of extent of reduction in autonomy from CFO to LGB.
<b>2 – Reduced</b>	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, and any larger expenditures or virements of the budget.	CFO/AO and CSAT FRC: Through regular financial and budgetary monitoring and evaluation done by CFO/AO and then the FRC identifying remedial actions.	Letter from CFO to LGB outlining issues and detailed recommendations of CFO and the CSAT FRC to remedy issues identified in order to regain greater autonomy.

<b>1 – Minimal</b>	Significant reductions in all areas of financial and budgetary management as well as most financial expenditures including all staff employment, larger resource procurement, and all larger expenditures or virements of the budget.	AO and CSAT FRC: following extensive monitoring and evaluation by CFO and the FRC they make all necessary recommendations for reductions in autonomy.	Letter from Chair of CSAT FRC outlining issues and detailed recommendations of CFO and the CSAT FRC that must be immediately implemented in order to address serious weaknesses identified.
<b>0 - None</b>	Zero autonomy with all aspects of financial management, staff employment, resource procurement, capital programmes, capitation, and so on under the full control of the AO and the CSAT Board.	FRC and Board: following extensive monitoring and evaluation by AO/CFO and FRC they remove all financial autonomy to prevent further financial risk/damage.	

## Part Two

# LOCAL GOVERNING BODIES AND ACADEMIES

## INTRODUCTION

This section outlines the respective responsibilities of each Local Governing Body, Headteacher and staff in relation to financial administration. The policy also provides a standardized approach to all finance related tasks.

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

## 11. SUMMARY OF RESPONSIBILITIES

- The management of the school is, through its Scheme of Delegation, the responsibility of its Local Governing Body, and, to the extent of the delegated powers vested in them, the committees created by the Local Governing Body.
- The Local Governing Body delegates day-to-day responsibility for carrying out the policies and decisions of the Local Governing Body and its committees to the Headteacher.
- Sub-committees of the Local Governing Body will act strictly within the remit allocated to them by the Full Governing Body.
- Management and administration duties undertaken by the Head Teacher and the members of the school 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 Trust Finance and Resources Committee to approve an annual budget for each constituent academy. The Headteacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school and will advise the Local Governing Body on all areas of managing the school budget.
- The Local Governing Body will work with the Headteacher to ensure that adequate long-term planning is undertaken so that the long-term performance of the school may be maintained.

## 11.1 THE ROLE OF THE LOCAL GOVERNING BODY

Best practice will be to convene meetings at least 3 times per year to:

- Review the school's staffing,
- Consider reports from the Headteacher comparing expenditure with budget and to approve virements as necessary,
- Understand such matters relating to building maintenance, health and safety and lettings outside school hours,
- Determine matters relating to school security,
- Consider the findings and recommendations of Internal Audit reports and findings identified by the Chief Financial Officer,
- The Chair of the Committee shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available at the school for anyone to read. Copies should also be made available to the Trust Board Resources Committee when required.

## 11.2 THE ROLE OF THE HEADTEACHER

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

- Preparing the school improvement plan and school budget in accordance with agreed priorities and submission of these plans to the Local Governing Body and Finance and Resources Committee for approval,
- In conjunction with the Chief Financial Officer, managing internal control systems and internal financial transactions in accordance with this document,
- In conjunction with the Chief Financial Officer maintaining adequate financial records in accordance with the Academies Financial Handbook
  1. Staff Salary Calculations
  2. School Management Plan
  3. Virements within Budget Share
  4. Orders, Quotes and Tenders Current Year + 6 preceding years
  5. Copy Invoices/Credit Notes Current Year + 6 preceding years
  6. Copy Payment Schedules Current Year + 6 preceding years

7. Bank Reconciliation Records Current Year + 6 preceding years
8. Bank Statements Current Year + 6 preceding years
9. Bank Paying-In Slips Current Year + 6 preceding years
10. Travel Claims Current Year + 6 preceding years
11. Income/Lettings Receipts Current Year + 6 preceding years
12. Copy Sundry Debtor Accounts Current Year + 6 preceding years
13. Authorised signatories list – orders Current List
14. Register of Pecuniary Interests Current List
15. Salary and Wage Returns Indefinitely
16. School registers Indefinitely.

- Setting limits of expenditure for members of staff authorised to place orders in conjunction with MAT guidance and policies,
- In conjunction with the Chief Financial Officer, providing regular budget monitoring reports to the Chair of the Local Governing Body. This should report any variations in expenditure against the approved budget plan,
- Ensuring that returns to the ESFA and the MAT are submitted according to published deadlines,
- Providing access to accounting and other relevant records to Audit, including school fund(s), and implementing auditor recommendations where necessary,
- Ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature,
- Ensuring that adequate controls are in place to ensure that all responsibilities delegated are monitored,
- Maintaining a central file of all submitted applications for grant funding and counter sign and submissions for audit purposes.

### 11.3 THE ROLE OF THE FINANCE TEAM

The finance team's roles may include:

- Supporting Headteachers in the execution of their responsibilities,

- Administer the recording of income received and payments made from the main trust bank account.
- Reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries,
- 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 Regulations, Governance and Administration Document and the Academies Financial Handbook,
- Prompt and intact banking of income and associated recording of income in accordance with the Academies Financial Handbook,
- Administer the recording of income received and payments made from the school trip accounts. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund.
- Preparation of the year-end summary of transactions for inspection, in accordance with the Academies Financial Handbook,
- Produce budget monitoring/outturn monthly reports for Headteachers, LGBs and the MAT Board and senior officers,
- Preparation of a three-year budget plan.

#### 11.4 THE ROLE OF THE STAFF

The role of staff in school financial administration is:

- To familiarise themselves with this policy,
- To conduct all financial transactions 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 school or MAT,
- To ensure that all relevant documents (delivery notes, invoices etc.) are promptly checked, input and reconciled.

## **12. LIMITS OF DELEGATION**

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

### **12.1 VIREMENTS WITH BUDGET SHARE**

The Headteacher is authorised to vary the annual budget approved by the Finance and Resources Committee and approved by the Trust Board. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation, known as a 'Virement within Budget Share' shall not exceed the delegated authority limits set out in Appendix A.

### **12.2 ORDERS**

Orders should be authorised in line with the delegated authority limits set out in Appendix A. In all cases staff must comply with financial regulations, as detailed in section 14 - Procurement of Goods and Services (see below).

### **12.3 INVOICES**

Invoices will be cleared for payment by the relevant budget holder and countersigned as may be required in line with the delegated authorities set out in appendix A then passed to the Finance Team for recording and payment through Corero.

### **12.4 CHEQUES**

All cheques issued from accounts administered by the Trust and constituent academies must be signed by two authorised signatories.

All cheques, and other instruments authorising withdrawal from the bank accounts administered by the Trust and constituent academies, must bear the signatures of two authorised signatories.

## 13. FINANCIAL REPORTS TO TRUSTEES AND GOVERNORS

The Chief Financial Officer is responsible for providing the MAT Board with a report on the budgetary position of the school at regular intervals.

Financial reports should be reliable and relevant to users, the characteristics of good quality financial information are that they 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 with what has been processed on Corero. There should be a monthly reconciliation of the bank account to Corero and any local system locally recording catering and trips. Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved.
- **Complete.** To a “true and fair” view of the Trust’s and each school’s financial position the reports must include committed expenditure. For information to be complete, expenditure that the school has been committed to, including details of orders and invoices outstanding, must be reflected.
- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports to Local Governing Bodies should be jargon free.
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail.
- **Include a profiled budget.** To ascertain whether the level of income or expenditure to a given date is reasonable, the expected figures up to the same date should be provided by the inclusion of a profiled budget. Based on knowledge of the school’s income and 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 a regular basis, which is an estimate of the final budget position of the Trust and constituent academies at the end of the financial year.

## 14. PROCUREMENT OF GOODS AND SERVICES

Budget holders will be informed of the budget available to them as soon as the budget is formally ratified and approved by the 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. Details of actual expenditure against budget can be accessed by the Budget Holder at any time through the Web Portal. The portal also contains the details of orders placed but not paid for as 'commitments'. The Senior Finance Officer alongside with Chief Financial Officer will spend time on a regular basis to review and help with monitoring income and expenditure against budget.

### 14.1 PURCHASE ORDERS

- All orders for goods and services must be requested using the Webportal, 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 budget for that purpose and that sufficient quotations/tenders have been obtained.
- Orders must be approved online through the Webportal by the budget holder. This will then be forwarded (automatically) to the Finance Office. Individually numbered purchase orders will be produced from Corero and sent to suppliers.
- The use of the Webportal through the local system Corero automatically updates the financial records and enables committed expenditure to be reviewed at month end for potential inclusion in management information (to inform accruals or reforecasting).
- In exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances written authorisation must be given in advance and a paper confirmation order should be generated.
- Orders may only be used for goods and services provided to the school, private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT.

### 14.2 INVOICE PROCESSING

When an invoice is 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.

- All invoices should be checked against the Corero generated 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 Senior Finance Officer.
- 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.
- An officer with delegated responsibility, Headteacher or budget holder will certify that the invoice is authorised for payment. This authorisation shall be evidenced by a personal signature or evidenced through Corero.
- Valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately and stored appropriately.

### 14.3 CREATING NEW VENDORS

All requests for new vendors must be sent to the Finance Office and must be accompanied by the vendor's bank details on the vendor's headed paper and signed on behalf of that vendor. Every new vendor who will have access to personal data should supply a statement of compliance with the GDPR.

### 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 Finance Team will undertake a regular review against the aged creditors list and notify individual schools Headteachers of any issues identified with the prompt payment to suppliers.

## 15. RECONCILIATION PROCEDURES

It is essential that thorough procedures are in place to ensure that all costs incurred and income received by the Trust are valid and verify that such amounts are properly receivable/payable. The Chief Financial Officer is responsible for ensuring that controls are in place for these checks to be carried out. In schools the Headteacher is responsible for this but will delegate this role to the school's Senior Finance Officer for the operation of the bank account.

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

- **Payroll** - the Senior Finance Officer will receive a monthly schedule of payroll updates from the HR Assistant to check that transactions for supply staff, casual staff and overtime have been made correctly against authorised claim forms submitted. They will also undertake a monthly reconciliation between the current month's actual expenditure and the budgeted payroll costs. Any variations should be investigated and reported to the Headteacher. The reconciliation should be signed by both the Senior Finance Officer and the Headteacher to verify the accuracy of the payments made.
- **Bank balance per the nominal ledger to the bank statement** - the Senior Finance Officer 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 cash book, reconciliations are prepared by the Senior Finance Officer and are subject to an independent monthly review carried out by the Chief Financial Officer and all adjustments arising are dealt with promptly.
- **Credit cards** - monthly statements will be received by Finance and distributed to each academy. All receipts must be produced and reconciled monthly to the monthly statement by the Card holder and reviewed and signed off by the Finance Assistant and Senior Finance Officer.
- Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Financial Officer.

## **16. SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS**

Each local governing body is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. within constituent academies.

### **16.1 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 Accounting Officer immediately.

Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. No more than £2,500 should be kept in this way and it is expected schools will bank cash before such sums are accumulated in cash and cheques.

Losses due to theft of stocks or cash shall be promptly reported to the Police, Head Teacher, Local Governing Body and Chief Financial Officer.

Steps must be taken by the IT Manager to ensure that there are effective back-up procedures for all computer systems. Where back-up disks, tapes, etc. are used these should be securely retained in a fireproof safe or remote location, with at least one tape/disk held securely offsite. Recommendations for back-up procedures should be regularly checked with the latest Government advice.

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

The Head of HR and Compliance shall register with the Information Commissioner and comply with all regulations relating to by the Data Protection Act 2018 on behalf of the MAT.

### **16.2 INVENTORIES**

An asset register must be maintained in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and

equipment belonging to the Schools, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the de-minimis level of £1,000. The Chief Financial Officer is responsible for ensuring the integrity of asset registers working with school staff as necessary.

The asset register should include the following information where available:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
  
- expected useful economic life
- depreciation
- current book value
- location

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 utilization of assets and to plan for their replacement
- Help the external auditors to draw conclusions on the annual accounts and the trust's financial system,
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

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

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 Chief Financial Officer will discuss these items on an individual basis.

The MAT 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:

- Leasehold buildings: 50 years from conversion
- Leasehold improvements: 10-30 years
- Plant and machinery: 10 years
- Fixtures, fittings and equipment: 5 years
- ICT equipment & software: 4 years

All the items in the asset register should be permanently and visibly marked as the school's property and there should be regular random checks 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 both the Head of IT and Chief Financial Officer. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the MAT or constituent 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 Trust and schools provide security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover.

### 16.3 ACQUISITIONS AND DISPOSAL OF ASSETS

The MAT must seek and obtain prior written approval from the Secretary of State, via 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.

Schools 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 but after gaining the approval of the Chief Financial Officer. Any disposal must maintain the principles of

regularity, propriety and value for money. This may 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 Secretary of State on that basis. Novel payments or other transactions are those in which the school or the MAT 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 EFA. 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 Chief Financial Officer 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.
- Information assets are disposed of securely

The trust 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 MAT 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.

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.

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

## 16.4 LOAN OF EQUIPMENT

Items of trust property must not be removed from any trust premises without the authority of the IT Manager 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.

## 17. INSURANCE ARRANGEMENTS

The MAT will take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The MAT will obtain the following insurance cover 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 any of the trust's premises.

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

## 18. RECEIVING INCOME

The main sources of income for the school are the grants from the ESFA. The receipt of these sums is monitored directly by the Senior Finance Officer and overseen by the Chief Financial Officer who is responsible for ensuring that all grants due to each school are collected.

Academies also obtain income from:

- Student teachers from universities and other institutions,
- Hiring of premises and facilities,
- School 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. Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the MAT's charging policy.

Premises hire charges are determined by the Headteacher, the Accounting Officer or the Chief Financial Officer.

Bookings for lettings are managed by the Soft Services Manager. All monies must be banked, in their entirety, in the appropriate bank account. The Finance Assistants are responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Senior Finance Officer.

All outstanding invoices should be reviewed regularly by the Senior Finance Officer and Chief Financial Officer. Monies outstanding should be pursued to ensure that the Trust receives all monies due.

The ESFA allows schools to write off debts and losses, including any uncollected fines up to the following delegated limits:

- 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. However, all write-offs by academies must be approved by the Chief Financial Officer and the Accounting Officer.

## **19. MISCELLANEOUS ISSUES**

### **19.1 REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS**

As is the case for CSAT Members and Trustees, the Local Governing Body shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any member of the Local Governing Body including the Headteacher. All members of a Local Governing Body shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The clerk to the LGB shall keep the Register up to date as new members of the Local Governing Body join the school and must undertake an annual review. A Pecuniary Interest form should contain the following information:

- The name of the relevant member of the Local Governing Body,
- The company or organisation the member of the Local Governing Body has an interest in and what the interest is.

Those members of a Local Governing Body not holding any pecuniary interests must submit a nil return.

The school shall ensure that a register of pecuniary interests is kept and regularly reviewed for members of senior staff who might influence financial decisions or spending powers.

Any relevant business and pecuniary interests, especially connected parties, of Trustees and Members must be published on the Trust website. The Register of Interests includes Trusteeships held by Board members in other organizations.

### **19.2 GIFTS**

All gifts to the school and/ or individuals either in kind or in money should be recorded in the Schools Gift Register.

### **19.3 EXPENSES PAID TO GOVERNORS**

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

### **19.4 AUDIT**

Schools will be subject to regular internal audits as per the Academies Financial Handbook. Also, each academy will receive an 'end of year audit' in preparation for submitting the end of year accounts to Companies House.

## Appendix A

### Scheme of delegation – Authorisation limits

<b>Budgeted Revenue/Capital Expenditure</b>	<b>Limit</b>
Trust Board	>£250k
Accounting Officer & Finance and Resources Committee	<£250k
Accounting Officer	<£50k
Chief Financial Officer	<£40k
Head Teacher – Secondary School	<£25k
Head Teacher – Primary School	<£15k
Deputy Head – Secondary School	<£15k
Deputy Head – Primary School	<£10k
Senior Leadership	<£2k
Department budget holders	<£1k

<b>Business Charge Cards</b>	<b>Limit</b>
Chief Financial Officer	<£5k
Finance Assistant	<£2k
Head of School	<£2k
Budget Holders	<£1k

<b>Virement*</b>	<b>Limit</b>
Head Teacher - Secondary School	<£15k
Head Teacher – Primary School	<£5k

*\*Virement values in excess of these must be approved by the Finance and Resources Committee. Where the expenditure is potentially contentious or may generate financial commitments outside the financial year it must be referred to the AO/CFO before being actioned*

<b>Ordering process</b>	<b>Limit</b>
Three quotes - Goods	>£5k
Three quotes – Services	>£10k
Tendering	>£50k

In the absence of a member of staff of the appropriate seniority to authorise transactions, the AO or CFO may choose to delegate authority to another member of staff on a temporary basis.

## Appendix B

### Tendering Policy

All goods/services ordered with a value over £50,000 must be subject to formal tendering procedures. Purchases over £118,302 for goods and services and £4,551,413 for the procurement of works (EU threshold effective from 01/01/2018) 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 £50,000 must be discussed with the Chief Financial Officer prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

### Forms of Tenders

There are four forms of tender procedure: open, restricted, negotiated and open book. 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 Chief Financial Officer 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 school'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.

- **Open Book Tender:** This process involves the sharing and management of charges, costs and operational & performance data between the supplier and the client. The aim is to promote collaborative behaviour between client and supplier through financial transparency. The outcomes should be a fair price for the supplier, value for money for the client and performance improvement for both over the contract life

When procuring works and contractors for items being funded through the School Condition Allocation, we will wherever possible complete a formal tendering process. However, where this becomes impractical (perhaps through time or scale of works or availability of contractors), we will carry out an Open Book process, which will then be verified by independent Cost Consultants/Project Managers, to ensure that the costs of the work are in line with industry standards and market rates.

### **Preparation for Tender**

Full consideration should be given to:

- The objective of the 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,
- Implementation of the project 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,
- The financial status of a 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 school. 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 £50,000: two of the budget holders or the Chief Financial Officer and the Accounting Officer
- for contracts for goods and services over 207,000 Euros or the procurement of works over £4,551,413 (EU threshold effective 01/01/2018): either the Chief Financial Officer, the Accounting Officer plus a member of the Resources Committee

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 £50,000 a report should be prepared for the Finance and Resources Committee, highlighting the relevant issues and recommending a decision. For contracts for goods and services over £181,302 Euros or the procurement of works over £4,551,413 (EU threshold effective 01/01/2018) the decision and criteria should be reported by the Resources Committee to the Governing Body 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 most economically advantageous tender to the school. All parties should then be informed of the decision.

# Appendix C

## Fraud Policy and Procedures

### Introduction

The MAT aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts business. This document sets out the MAT's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the MAT's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

In order to achieve these objectives, the MAT has taken the following steps:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability.
2. The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them).
3. The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Academy and a fraud response plan which sets out the Academy's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

These three steps are described in greater detail in the following sections

### Personal Conduct

The MAT aims to promote an organisational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the MAT's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- These regulations are binding on all governors, members of staff, students and constituent parts of the MAT. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, the MAT must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that governors and employees of the MAT must at all times conduct financial affairs in an ethical manner.

- All members of staff, members, Trustees and governors of the MAT are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Academy or its related companies, minority interest companies and trading areas.
- Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Headteacher or the Chief Financial Officer.
- Governors or employees of the MAT shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Academy's interests.
- Heads of Department/Budget Holders are expected to adhere to the Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other MAT property.

## **Systems of Internal Control**

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal check and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including DBS checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the MAT are documented in the Financial Procedures Policy. The Financial Procedures are issued and updated periodically by the Chief Financial Officer. They are binding on all members, trustees, governors, members of staff, trainees, students and pupils, and constituent parts of the MAT and are distributed to the Headteachers, the Senior Leadership Teams, Heads of Departments (or similar budget holders) and school/academy and finance staff. A summary will be available for all staff, but all finance staff will be expected to be aware of the full document.

The MAT has also established the Finance and Resources Committee incorporate the Pay and Audit Committee and an independent external Audit function which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

## Fraud Response

This document sets out the MAT's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up and are considered in a consistent and fair manner and that prompt and effective action is taken to:

- Minimise the risk of any subsequent losses,
- Reduce any adverse operational effects,
- Improve the likelihood and scale of recoveries,
- Demonstrate that the Academy retains control of its affairs in a crisis; and
- Makes a clear statement to employees and others that it is not a soft target for attempted fraud.

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:

- Inadequate communication so that action is late or inappropriate.
- Lack of leadership and control so that investigators are not properly directed and waste time and effort.
- Failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost.
- Adverse publicity which could affect confidence in the MAT; and
- The creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

The main elements of the MAT's policy are in line with the Whistleblowing Policy and are outlined below:

1. All members, trustees, governors, members of staff, students and constituent parts of the MAT are required to notify immediately the Headteacher and/or the Chief Financial Officer of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the MAT. The Headteacher and/or Chief Financial Officer should bring this to the attention of the Accounting Officer immediately.
2. The Headteacher/Chief Financial Officer will ascertain whether or not the suspicions aroused have substance. They will if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations

arising from the preliminary investigation will be reported to the Chair of the Finance and Resources Committee and the Chair of Governors.

3. The Headteacher will have the initial responsibility for coordinating the individual Academy's response. In doing this they will consult with the Trust's Head of HR and Compliance regarding potential employment issues. The Headteacher will also seek expert legal advice from the Trust's Legal Advisor on both employment and litigation issues before taking any further action.
4. The Headteacher is required to notify the Chief Finance Officer (who will then inform the Chair of the Finance and Resources Committee) and Local Governing Body of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, inter alia, keeping the Accounting Officer, the Chair of the Finance and Resources Committee and the Chair of Governors fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
5. If evidence of a fraud is forthcoming then the Governing Body will inform the Chair of the Trust, and the DfE as required by the Funding Agreement, and will consider whether or not to refer the matter to the Police.

## Appendix D

### Best Value Statement for Finance and Resources Committee

#### Introduction

The Finance and Resources Committee is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Members 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 school's achievements and services.

#### What is Best Value?

Trustees will apply the four principles of best value:

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

#### The Trustees' Approach

The Trustees and Finance Staff will apply the principles of best value when making decisions about:

- The allocation of resources to best promote the aims and values of the school.
- 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.

The Trustees and the Finance Staff will:

- make comparisons with other/similar schools using available data, e.g. ASP, 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.

This will apply in particular to:

- **Staffing** - deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.
- **Use of premises** - 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** - deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality learning.
- **Quality of teaching** - 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** - review the quality of children's learning by setting pupil achievement targets.
- **Purchasing** - 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** - review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.
- **Health and safety** - review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors .

These areas will be monitored for best value by:

1. Departmental reviews by the Headteacher and Senior Leadership Team
2. Termly target setting meetings between the Head Teacher, Senior Leadership Team and heads of faculty
3. Annual performance management
4. Annual budget planning
5. Head Teacher's reports including financial review
6. Feedback from the Responsible Officer and audit report
7. Analysis of school 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. Governors' termly committee meetings

## 12. Governors' 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.

## **Appendix E**

### **Travel and Subsistence Policy**

#### **Introduction**

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, as this may not be reimbursed. Clarity should be sought before a claim is submitted.

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

#### **Accommodation**

All overnight stays must be approved in advance by the Budget Holder in charge of Staff Development.

In some situations, particularly certain training courses, accommodation is provided as part of the package, in which case employees do not need to make any claim. In other cases, the employee will be reimbursed the actual cost of bed and breakfast incurred.

#### **Travel**

##### **General Principles**

Employees should only make business journeys when they are absolutely necessary. Other options should always be considered before travel is undertaken which are more efficient and cost effective, for example email, telephone, video or telephone conferencing.

Where a business journey is necessary, employees are expected to organise it in the shortest and most effective way.

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 MAT will support necessary business travel, including reimbursement of costs arising from the use of employees' own vehicles.

Environmentally friendly travel should be encouraged. Mileage payments will be made within Her Majesty's Revenue and Customs guidelines.

## **Mileage Payments**

Employees who use their own car, van, motorcycle or cycle for official MAT work purposes are entitled to be reimbursed in accordance with Her Majesty's Customs and Revenue (HMRC) approved mileage rates.

Where a number of employees undertake the same or a similar journey, they should always travel together. However, this should not apply to a School's or the MAT's senior leadership team, who should not travel together for reasons of risk management.

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 MAT or an employee of a partner organisation on the same Academy 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.

The basic criteria for claiming official mileage is that this should be calculated from the employee's workplace and back again. Normal everyday home to office mileage is the employee's responsibility and not reimbursable.

Where it is more beneficial for employees to travel direct from home to an outside appointment or vice versa, rather than call in to the workplace first, they are only entitled to claim the number of miles over and above their normal home to work mileage. On this basis, all travel claims in any one day should always exclude the employee's normal home to office miles regardless of the reason e.g. training course.

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.

## **Other conditions**

Where an employee is required to travel from their normal workplace to carry out their day to day role, travelling time is included within their normal working day. However, employees who are 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**

If an employee requires a rail ticket for business purposes they must contact the Finance Office who can organise this for them. It is always more cost effective to book in advance.

Employees are expected to travel standard class and take advantage of off peak or other reduced rates if the circumstances allow. First Class travel may be used provided prior departmental approval is obtained, if:

- standard class accommodation is full; or
- the cost of travelling by First Class is cheaper than travelling by Standard Class (evidence should be retained to support this).

### **Parking Expenses**

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

The MAT will not reimburse in respect of parking, speeding and similar fines.

### **Authorisation**

The formal responsibility for authorising business journeys rests with the other authorised officer. Employees are advised to seek approval in advance for any unusual journeys where there is likely to be any doubt about the legitimacy of the journey or of the amount of mileage that can be claimed.

### **Methods of Claiming**

Employees should complete the Expenses Claim form, attaching the relevant VAT receipts. Claims should be made on such dates specified by an individual department and submitted immediately in order that processing by the Payroll Department may take place in time for the following month's payroll. Claims must be made on a monthly basis; if an employee delays and then submits forms covering a substantial period they must expect a delay in processing and payment.

No one should make or approve a claim if the conditions explained in this policy have not been met. The MAT will take a very serious view of fraudulent or negligent claiming or certification.

### **Insurance**

Employees who use their own vehicle for work should ensure they have the appropriate insurance to cover business travel. This is normally referred to as 'Business, Social and

Domestic' cover by Insurance companies. It is the employee's responsibility that they are insured.

## Appendix F

### Reserves Policy

The Multi Academy Trust has a responsibility to apply the maximum possible funding received for the benefit of those pupils for whom it has been provided. The Trust is also required to ensure that it is financially secure and able to provide stability and investment in future educational provision.

As a consequence the Trust seeks to maintain an appropriate level of unrestricted financial reserves for the following reasons:

1. To ensure an appropriate level of working cash balances to meet normal operating transactions. This is set at 1 month of non-payroll expenditure;
2. To provide for unforeseen circumstances leading to financial loss or failure to achieve budget targets. This is set at 3% of total Trust annual income;
3. To accumulate designated funds for large elements of planned maintenance spend (evidenced by a forward maintenance schedule and based on professional condition surveys);
4. To accumulate designated funds for capital investment in buildings or equipment (evidenced by a site masterplan for the relevant school and a business case setting out how such investment will achieve significant improvements in learning outcomes);
5. To accumulate designated funds for academic investment in staff or materials, either in anticipation of increasing income or to slow the pace at which cost reductions may need to be made (evidenced by a plan showing the academic consequences of the proposed investment and how these link directly to improving learning outcomes).

## Appendix G

### 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 School, 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 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.

The minimum value to be capitalised as a fixed asset is £1,000 as a whole or part of a separately identifiable set of transactions, such items are included in the Trust balance sheet. Consumables that 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 charged.

### **Grant**

Funds given to the School 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 of.

## **Categories of Fixed Assets**

This list describes the categories of fixed assets most commonly used by Schools. It is not exhaustive and other categories may be added but only with the approval of the Chief Finance 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 MAT 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 School 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 should be identified and flagged as a fixed asset. The asset should be recognised on the Trust 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 School 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 £1,000 (excluding IT and Classroom equipment) 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.

## **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 MAT 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:

- Leasehold buildings: 50 years from conversion
- Leasehold improvements: 10-30 years
- Plant and machinery: 10 years
- Fixtures, fittings and equipment: 5 years
- ICT equipment & software: 4 years

Depreciation will be calculated based on 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 of, 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 MAT 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 MAT 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 MAT 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.