



Academies Trust

The Co-operative Academies Trust

Financial Regulations Manual

September 2019

Contents	Page No
1. Introduction	3
2. Responsibilities	3
3. Areas of Specified Delegated Responsibility and Approvals	9
4. General Delegated Financial Authority	10
5. Absence of Delegated Individual	11
 Financial Regulations	
6. Financial Systems	11
7. Business Planning (Including Budgeting)	12
8. Performance Management and Monitoring	15
9. External and Internal Auditing	18
10. Business Assurance and Risk Management	19
11. Treasury Management	21
12. Corporation Tax and Value Added Tax (VAT)	23
13. Management of Assets	24
14. Procurement	26
15. General Accounting Policies and Procedures	31
 Financial Delegation	
16. General Revenue Expenditure	35
17. Capital Investment	35
 Appendices	
A. Scheme of Delegation - September 2019	



1. Introduction

- 1.1. This document sets out for The Co-op Academies Trust (“the Trust”) the Financial Regulations (“the Regs”), including the Scheme of Financial Delegation (“the Scheme”). Reference to the Trust includes its member organisations for the purpose of the authorities and procedures contained herein, except where otherwise stated.
- 1.2. The purpose of this Policy manual is to ensure that the Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department of Education (DfE).
- 1.3. Trust must comply with the principles of financial control outlined in the Academies guidance published by the DfE. This manual expands on that and provides detailed information on the Trust’s accounting procedures.

2. Responsibilities

- 2.1. The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid duplication or omission of functions and to provide a framework of accountability for Governors and staff.
- 2.2. The Regs also contain the Financial Policies that the Board has adopted and provides the framework for how the Regs (including the Scheme) will be exercised.
- 2.3. The Regs provide an overview of the parameters that Board have set out to assist staff, Board, Governors and Academy Sub-Committee members to ensure that:
 - A financial framework exists within which staff, Board, Governor’s and committee members may properly act and are fully accountable for their actions;
 - The Scheme of Financial Delegation details the financial limits on commitments and payments that should be applied within the Regs and describes the associated permissions and responsibilities related to disbursing the Trust’s financial business and specifies the limits and ranges of delegation given with the Trust;
 - It complies with the rules and objectives of the Trust together with any other statutory requirements, is lawful, reasonable and represents value for money; and
 - The assets and other financial interests of the Trust are properly protected.
- 2.4. The Regs define the delegated financial authority levels for the Trust Board, Governor’s, Committee Members, Director of the Trust, leadership team and staff by detailing the policy by which staff can commit and authorise expenditure within an approved budgeted framework.
- 2.5. Board, Committees, Governing Bodies and staff are required to conform to the rules set out in these Financial Regulations. Any breach of these rules, whether inadvertent or otherwise, must be brought to the attention of the Chief Operations Officer (COO) who will investigate the circumstances with the personnel concerned. The COO will, in consultation with the Director of the Trust, decide whether the circumstances are such that they should be reported to the Trust Board. It is the responsibility of senior management to ensure their staff



are made aware of the contents of these Financial Regulations, which form part of the overall regulatory framework and ensure that any local policies and procedures are consistent within this document.

2.6. All delegated limits should be considered to be inclusive of VAT.

2.7. The Director of the Trust may from time to time make a direction in respect of a delegated officer that the authority of the person(s) specified in that direction to act as delegated officer for the purposes of the Scheme shall be:

- a) suspended;
- b) reduced;
- c) subject to conditions; and / or
- d) exercisable by another person (being an employee(s) of the Trust of the same or greater seniority).

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

The Trust Board

2.9. The Trust Board delegates the operational running, scrutiny and oversight of the Academies to the Academy Governing bodies but will monitor the performance and compliance of all Academies within the Trust. The main responsibilities include:

- setting up the overarching educational philosophy of the Trust Academies;
- setting up the Trust Academy Offer;
- the improvement of activities within its remit;
- providing strategic direction and advice to the Trust through the creation of a strategic plan;
- monitoring the Trust's performance against strategic objectives and targets and holds to account the Trust management for the delivery of the strategic plan;
- determining priorities for Trust Academies and sets appropriate targets;
- monitoring quarterly expenditure including all additional school funds and any debt collection;
- reporting and reviewing expenditure including all non-general academy grant funding and any debt collection;
- providing guidance and support during the establishment of the Trust;
- ensuring financial viability and the best use of the Trust's funds to ensure it delivers its purpose;
- establishing an independent Audit and Risk Committee and other appropriate committees for the Trust;
- communicating and consulting with the Academies, including the Governing Bodies on key issues;
- setting the policy for pay and conditions using a robust evidence based approach;
- establishing model policies on key issues - (where appropriate with consultation from Academies within the Trust) ;
- approving the establishment of new Trust Academies
- actively promoting the work of the Trust Academies
- communicating with the Department for Education on key issues;
- holding to account the trust management team;
- seeking out opportunities to enhance the Trust Academies programme;



- ensuring co-operative values and principles are embedded in the Trust's Academies programme;
- performance managing the Director of the Trust and ensuring the performance management process is effective in each academy; and
- seeking out new opportunities to create strong co-operative solutions to educational issues.

The Academy Governing Body

2.10. The academy governing body has overall responsibility for the administration of the individual Academies finances. The main responsibilities of the governing body are prescribed in the Funding Agreement between the academy and the DfE and in the Trust's Scheme of Delegation. The main responsibilities include:

- ensuring that grants from the ESFA are used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academies funding agreement, and are used only for the purposes intended;
- approval of the annual budget, subject to final approval by the Trust Board;
- recruitment process for Principal/Head Teacher, recommended by the Director of the Trust to enable recommendation of candidate to Trust Board;
- keeping the Chief Education Officer (CEO) for the region informed of other senior appointments to be made from Assistant Headteacher upwards
- ending suspension of other academy staff;
- monitoring quarterly expenditure including all additional school funds and any debt collection;
- fund revenue expenditure-unbudgeted, funded by virements up to £10,000 per quarter;
- approval of capital expenditure subject to Trust Board approval of schemes in excess of £50,000 (net of grant income) and in compliance with the Trust's Reserves Policy;
- authorising the awarding of contracts over £10,000 (The Trust COO to also approve contracts in excess of £20,000); and
- any increase in pupil numbers beyond the planned admission numbers.

The Audit and Risk Committee (Trust)

2.11. The Audit and Risk Committee is an independent Committee of the Trust Board, which advises both the Director of the Trust, in their role as Accounting Officer, and the Trust Board. The Audit and Risk Committee function is to support both the Director of the Trust and the Board in their responsibilities for issues of risk, internal control and governance by:

- reviewing the comprehensiveness of assurances in meeting the Trust Board accounting needs;
- consider the need for, appoint and direct the work of an Internal Auditor to provide assurances on the operation of key financial controls. Report on the operation of key financial controls to the Trust Board;
- reviewing the reliability and integrity of these assurances; and
- providing an opinion on how well the Trust Board and its Accounting Officer role are supported in decision making and in discharging their accountability obligations (particularly in respect of financial reporting).



2.12. The main responsibilities include:

- Effectiveness of strategic processes for risk management, internal control, governance and information assurance (including the review of the Trust's quarterly risk management reports);
- Accounting policies, including the process for review of the annual report and accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- Planned activities and results of internal and external audits;
- Adequacy of management's response to issues identified by audit activity, including external auditors management letter;
- Assurances relating to the corporate governance requirements for the organisation;
- (where appropriate) Proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services
- Anti-fraud policies and whistleblowing processes;
- Working with the Auditors to provide an accurate review of the accounts and the annual report of the accounts; and
- Publishing the annual report on the academy website.

Finance and Operations Committee (Academy Level)

2.13. The Finance and Operations Committee (or similarly titled) is a committee of the Academy governing body. The Finance and Operations Committee meets at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance and Operations Committee are detailed in written terms of reference which have been authorised by the governing body. The main responsibilities include:

- the initial review of the annual budget; and
- the regular monitoring of actual expenditure and income against budget, including all additional school funds.

Accounting Officer / Director of the Trust

2.14. The Director of the Trust is the Accounting Officer. The full scope of responsibilities for the Accounting Officer is defined in the Academies Financial Handbook and includes a personal responsibility to Parliament, and to the EFSA's accounting officer, for the financial resources under the Trust's control. Accounting Officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

- **value for money** – this is about achieving the best possible educational outcomes through the economic, efficient and effective use of resources. A key objective is to achieve value for money not only for the trust but for taxpayers generally;
- **regularity** – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and this handbook, and compliance with the trust's internal procedures – this includes spending public money for the purposes intended by Parliament; and
- **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.



Chief Education Officer (CEO)

2.15. The regional CEO of the Trust works within the frame of responsibilities delegated by the Director of the Trust. The CEO works in close collaboration with the Director of the Trust and the Trust's SLT. The main responsibilities of the CEO are:

- approving new staff appointments (at a Hub or Academy level) within the authorised establishment, except for any senior staff posts which the Board/ DoT have agreed and should be approved by them;
- authorising contracts upto £25,000 in conjunction with the DoT and COO;
- ensuring regional academies sets the budget for the financial year;
- ensuring regional academies sets three year budget plan;
- reporting regional financial performance to the DoT and COO including all additional school funds; and
- approving invoices and orders upto £20,000 that have been ordered/ procured in line with the Trust's procurement guidelines (section 14 of these Regs).

The Principal / Headteacher

2.16. Within the framework of the academy development plan as approved by the individual academy Governing body the Principal/ Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Academy Finance Lead but the Principal/ Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- authorising contracts between £5,000 and £10,000 in conjunction with the Academy Finance Lead;
- authorising BACS in conjunction with the Academy Finance Lead or other authorised signatory;
- ensuring the academy sets the budget for the financial year;
- ensuring the academy sets three year budget plan;
- reporting financial performance to the governing body including all additional school funds; and
- approving invoices and orders over £5,000 that have been ordered/ procured in line with the Trust's procurement guidelines (section 14 of these Regs).

The Trust COO

2.17. The Trust COO works in close collaboration with the Director of the Trust and the Academy Finance Lead. The Trust COO also has direct access to the Governors via the Audit and Risk Committee. The main responsibilities of The Trust COO are:

- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the board;
- setting and agreeing the Financial Regulations with the board;
- setting, reviewing and updating the Trust's financial policies - for board approval;
- the maintenance of effective systems of internal control;
- ensuring compliance with accounting policies and procedures, approved by the



- Board, in line with recommended best practice for companies and Charitable Trusts;
- ensuring that the consolidated annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of the consolidated management accounts for the Trust;
- the preparation of the Trust's consolidated budget/ business plans over 1 and 3 years for Trust Board approval including the setting of key Trust-wide business plan assumptions and guidance;
- fund revenue expenditure-unbudgeted, funded by virements over £10k per quarter;
- bad debt write-offs in accordance with the Financial Academy Handbook;
- conduct of tenders for internal and external auditors for appointment by the Audit and Risk Committee;
- approving procedures for financial controls across academies;
- ensuring VAT returns are submitted as required by HMRC requirements;
- lead role with the Trust's pensions providers; and
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

The Academy Finance Lead (AFL)

2.18. The Academy Finance Lead (either the Academy Finance Manager, Regional Finance Director or shared Finance Manager) works in close collaboration with the Principal/ Headteacher through whom he or she is responsible to the governors. The AFL also has direct access to the governors via the Finance and Operations Committee. The main responsibilities of the AFL are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system to meet the requirement of the Trust;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly management accounts and financial reports for the Academy, Trust and Governors;
- preparation of quarterly VAT returns for submission to the Trust;
- authorising orders over £1,000 and up to £5,000 in conjunction with budget holders;
- authorising BACS in conjunction with the Principal/Head Teacher or other authorised signatory;
- ensuring relevant academy forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance;
- to support the Trust COO.

Other Staff

2.19. Other members of staff, primarily finance officers and budget holders, will have some financial responsibilities. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Register of Interests

- 2.20. 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 of the Board, Governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection and will be requested by the auditors.
- 2.21. The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the academy. 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 Governor or a member of staff by that person.
- 2.22. The existence of a register of business interests does not, of course, detract from the duties of the Board, Governors and staff to declare interests whenever they are relevant to matters being discussed by the trust board, governing body or a committee. Where an interest has been declared, the director, governor and staff should not attend that part of any committee or other meeting.

3. Areas of Specific Delegated Responsibilities

- 3.1. There are a number of financial responsibilities that are delegated, by Board, to specific members of staff – these are outside the authorities in sections 6-17 of these Regs. The delegated authority for the following transactions lies with nominated Trust Directors or Principal / Headteachers or functions detailed in 3.3 below.
- 3.2. Prior to the authorisation of the following transactions and in making all commitments and anticipating payments, the delegated officers must consult with the Director of the Trust or the COO to ensure that sufficient funds are available and that cash flow impact is considered.
- 3.3. Sponsorship expenditure is generally prohibited as part of these Regs however, it is allowable where appropriate, approved by the relevant governing body and Board and incorporated into academy business plans.

Specific Delegated Responsibilities – Within overall Trust approved budget	
Description	Delegated Authority
Budgeted staff appointments and approval of salary changes	Trust : Trust SLT Academies: Principal / Headteacher except for senior SLT positions which should be approved by the Governing Body
Appointment and approval of salary for Principal's / Headteacher	Director of the Trust
Appointment and approval of salary for Trust SLT (Including terms and conditions)	Audit and Risk / Remunerations Committee
Board Member expenses	Director of Trust or COO



Treasury management functions : purchase ledger payments, BACS / CHAPS transfers including inter Trust transfers – validation and release	See Appendix A and as per approved bank mandate
VAT settlement / reclaim validation and release	COO or delegated member of finance team
Contracts, lease agreements, grant claims/ documentation or other similar regulatory forms	See Appendix A
Insurance Policy Tenders and appointment	Trust Board or delegated sub-committee
Trust Policies	Trust Board or delegated sub-committee
Write-offs within the approved scheme of delegation	Director of the Trust or nominated SLT Member
HMRC/ Pension payments (deductions made via payroll) – Validation and release	COO or delegated member of finance team
Investments / Bank deposits - Policy	Trust Board
In year review / update of revenue expenditure limits (new posts or staffing changes)	Director of Trust in conjunction with the COO
Settlement agreements - Contractual	See Appendix A
Settlement agreements – Non Contractual	Trust Chair and approved Board representative (Chair of Audit and Risk Committee and ANO)

4. General Delegated Financial Authority

- 4.1. These are different and separate from the formal signature(s) required on Trust or Academy banking documentation.
- 4.2. The Regs establish a final point of delegation relating to the commitment of expenditure and approval of payments. This should be complementary to the integrated financial system and the automated approval process for financial commitments. The Delegated Officer should be supported by a structure of management controls including adequate segregation of duties over the authorising, receiving and payment is required to ensure an adequate level of control.
- 4.3. Delegated Officers are those employed by the Trust either on a permanent, temporary and contract basis. The term does not include those individuals contracted under consultancy arrangements.
- 4.4. The Delegated Officer takes personal responsibility for confirming that the financial commitment is valid, checked, coded correctly and authorised as being a valid charge against the Trust and in accordance with its policies and procedures.
- 4.5. Delegated Officers must assure themselves that an audit trail and adequate records support each transaction and that decisions are consistent with budget, law, regulations and Trust policies.
- 4.6. Delegated Officers are the main source of scrutiny to ensure the propriety and regularity of the expenditure. They would be asked to account for any errors or abuse that is discovered during or subsequent to the payment process.



- 4.7. In applying these Regs for general business and routine expenditure items that are processed through the Trust's purchase order system and integrated finance system (Civica), it has embedded controls that prohibit financial commitment unless an appropriate level of authorisation has been granted.
- 4.8. This control is achieved through the use of user identification and passwords, which cross-refer to the system's list of authorisations. The principal control mechanism is at the commitment stage, which contractually binds the Trust to make payments after receipt of goods or services. In addition, there should be appropriate checking before payments are made. The authorisation will be implemented through the segregation of duties, controlled by password and user ordering, goods receipt and payment process. The detailed controls in the integrated finance system are controlled by reference tables and named authorised staff and financial expenditure levels.

5. **Absence of Delegated Individual**

- 5.1. In the absence of a member of staff to whom financial authority has been delegated, that authority shall be exercised by a member of staff superior in the line of authority to the officer concerned, within the same operational academy/department, unless temporary alternative arrangements have been approved by the Director of the Trust or COO.
- 5.2. If the Director of the Trust is absent or unavailable and has not delegated authority to another member of the leadership team the Board Chairperson will delegate authority temporarily to another nominee.
- 5.3. In the absence of the Chair, where financial authority has been delegated to him / her that authority shall be exercised by the Chair of the Group Audit and Risk Committee. This should be approved by the Board for any continuous absence longer than four weeks.

Financial Regulations

6. **Financial Systems**

- 6.1. All the financial transactions of the Trust will be recorded in the Trust's computerised financial information accounting system. This system is operated by the Finance Department at each individual Academies or Hub. The consolidated database (post September 2018) is hosted on the servers hosted by CIVICA the provider of the Trust's financial system.
- 6.2. Entry into Trust's computerised financial information accounting system, is password restricted and the Academy Finance Lead is responsible for implementing a system which ensures that passwords are changed at least every 3 months.

Back-up Procedures

- 6.3. The Trust COO is responsible for ensuring that there are effective backup procedures for the system.

Transaction Processing

- 6.4. All journal entries will be documented on the appropriate journal form and authorised by the Academy Finance Lead prior to being input to the accounting system. Bank transactions



should be input by the Finance Department and the input should be checked, and signed to evidence this check, by the Academy Finance Lead. On a monthly basis the Principal/Head Teacher will countersign the journals (or journal summaries).

Transaction Reports

- 6.5. The Academy Finance Lead will obtain and review system reports to ensure the completeness and accuracy of transactions posted to the accounting system. The report obtained and reviewed will include:
- the monthly audit trail reports;
 - reports for the payroll, purchase ledger and sales ledger; and
 - management accounts summarising expenditure and income against budget at budget holder level.

Financial Reconciliations

- 6.6. The Finance Department within each Academy is responsible for ensuring the following reconciliations are performed each month, on a timely basis, and that any reconciling or balancing amounts are cleared:
- sales ledger control account;
 - purchase ledger control account;
 - payroll control account; and
 - all suspense accounts and bank balance per the nominal ledger to the bank statement.
- 6.7. Any unusual or long outstanding reconciling items must be brought to the attention of the Trust COO and/ or the Regional Finance Director. The Academy Finance Lead will review and sign all reconciliations as evidence of the review.

7. Business Planning (Including Budgeting)

Planning

- 7.1. A systematic process of financial and operational planning will be undertaken on an annual cycle, culminating in the preparation of a 3 year Financial Plan for the Trust incorporating each individual Academies. The budget set for the next financial year will form the first year of the financial plan.
- 7.2. Business plans must be prepared in line with guidelines set by the COO, and will consist of an income and expenditure account, cash flow and balance sheet in the specified format along with a detailed narrative, and key performance indicators.

In addition to the above, the Trust, incorporating each individual Academy, must include a section on 'Stress Testing' through the use of multivariate sensitivity analysis. This analysis is designed to test the robustness of financial assumptions used in the business planning process and their associated impact on Academies viability and compliance with the Trust's reserves policy.

- 7.3. In order to ensure that all relevant risks are addressed by business plans, the business plan process will take account of the most recent Trust (and Academy) risk maps.



- 7.4. Individual Academy business plans will be signed off by the Principal/ Headteacher and Academy leadership team, considered by the relevant Governing Body and recommended to the Trust Board for approval, prior to the financial year end in line with the business plan guidelines/ timetable.
- 7.5. Business plans should be updated regularly throughout the year for any known material variations to the original budget (in the form of a re-forecast) and submitted to the Trust as part of the request for approval for a revised forecast where is deemed necessary.
- 7.6. Business plans should also be updated (in the form of a revised forecast) as follows:
- Before being used as a basis for the BFRO/ BFR (Budget Forecast Return Outturn/ Budget Forecast Return), if there are known changes to the approved budget;
 - To reflect any significant change in business circumstances;
 - Upon a significant change in key financial assumptions (inflation, interest rates, salary/ pension issues etc.) which will materially impact on overall finances; and
 - As required by the individual Governing Body, Trust Board or the COO.
- 7.7. Additional reports will be made to the Governing Body of each Academy and to the Trust Board on an interim basis should the adjustments made in respect of any of the items listed in 7.6 above result in a material variation to the business plan previously approved by the Trust Board.
- 7.8. When reaching the Board the business plans should be accompanied by recommendations on its acceptability and on its impact on overall finances.

Budget Preparation

- 7.9. The COO in consultation with other Trust SLT colleagues and senior managers is responsible for the coordination and preparation of the Trust's consolidated annual business plan (including income and expenditure budgets, balance sheet, cash flow statements and including multivariate sensitivity analysis).
- 7.10. The Academy Finance Lead is responsible for preparing and obtaining approval for the annual business plan for the Academy (including income and expenditure budgets, balance sheet, cash flow statements and including multivariate sensitivity analysis for each member organisation). The business plan must be approved by the Principal/ Headteacher, Finance and Operations Committee and the Governing Body. The Trust COO is responsible for preparing and obtaining approval for the annual budget for the Trust and consolidating the budgets for all the individual Academies. The Trust budget must be approved by the Trust Board.
- 7.11. Business plans are to be prepared in a form recommended by the COO, agreed by the Trust Board and proposals contained within them are to be consistent with the Trust's strategic plans and business objectives objectives.
- 7.12. Each year, the Governing Body of each individual Academy will consider income and expenditure proposals for the following year and approve (for recommendation to the Trust Board) the budget for the following year. In approving the budget, the Governing Body will



make reference to the aims and objectives of the Academies business plan.

- 7.13. The Trust's senior Management team will consider the detail of the consolidated budget within the particular regard to the financial strategy, reserves policy and the 3-year Financial Plan, before recommending it to the Trust Board for approval.
- 7.14. A consolidated budget will be presented to the Trust Board for approval in advance of the new financial year (normally in July).
- 7.15. Once approved, the individual Academy and Trust (consolidated) budgets are to be used as the basis for authority to incur expenditure on individual budget headings up to the approved value and will form the basis on which comparisons to actual expenditure will be made, until it is revised.
- 7.16. The Trust's business plans are prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

Academy Development Plan

- 7.17. The development plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academies 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.
- 7.18. The form and content of the development plan are matters for the Academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the ESFA and the Trust's COO.
- 7.19. The completed development plan will include detailed objectives for the coming Academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criterion against which achievement can be measured.
- 7.20. The approved budget must be submitted to the ESFA by 31 July each year and The Trust's COO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 7.21. The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
- 7.22. The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of students to estimate the amount of ESFA grant receivable;
 - review of other income sources available to the academy to assess the likely level of receipts;
 - review of past performance against budgets to promote an understanding of the academy cost base;
 - identification of potential value for money savings;
 - review of the main expenditure headings in light of the development plan



- objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes; and
- compliance with the Trust's Reserves Policy.

7.23. If Academy plans identify a shortfall (or deficit) in funding and this results in reserves falling below the trust's reserves policy then the Principal/ Headteache must, in conjunction with the CEO, prepare a mitigation plan that will be incorporated into the Academy plan that will bring the plan back in line with the Trust's reserves policy. The Academy must not submit a plan to the Academy Governing Body (or Board) that does not comply with the Trust's policy without prior approval of the Director of the Trust of COO.

Balancing the Budget / mitigation Planning

7.24. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

7.25. Once the different options and scenarios have been considered, a draft budget should be prepared by The Academy Finance Lead for approval by the Principal, the Finance and Operations Committee and the governing body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary position and any constraints.

7.26. The budget should be accompanied by a statement of assumptions. The budget should be seen as a working document which may need revising throughout the year as circumstances change, subject to the approval process outlined in this document.

8. Performance Management and Monitoring

8.1. The COO is responsible for ensuring that adequate budgetary control mechanisms including a secure framework for budgetary delegation and effective variance reporting routines are in place across all areas of the Trust's business.

8.2. All budgets must identify a budget holder responsible for the financial control of that revenue or capital budget. Although the budget holder has overall authority, other officers may be approved to authorise expenditure within the budget, and it is the responsibility of the budget holder to ensure that the approved officers are fully aware of their authority levels and limits (as set out in the authority Schedule – Appendix A to these Financial Regulations). In particular, approved officers must be aware that no employee or member shall commit expenditure unless:

- The item of expenditure is within budget and has been approved by the relevant Governing Body and Board;
- The individual concerned has authority to incur such expenditure;



- Any other regulation (e.g. procurement procedures) concerning the type of expenditure involved has been complied with; and
 - To ensure value for money, goods and services should be purchased on the most advantageous terms in accordance with the Trust's procurement procedures.
- 8.3. Strict budgetary control will be maintained by managers for all income and expenditure they are responsible for.
- 8.4. Individual Directors and or Principal's/ Headteacher's will have overall responsibility for the income and expenditure of their Directorates or Academies.
- 8.5. The Academy Finance Lead (or nominated person) is responsible for the circulation to the Trust Directors, Principal/ Headteacher's and other senior managers of monthly statements of income and expenditure.
- 8.6. The Academy Finance Lead (or nominated person) is responsible for the analysis and reporting of variances and forecasts on a regular basis (no less frequently than quarterly) to the individual Governing Body on the financial position of each Academy. The Trust COO will consolidate these financial statements into a single Trust report for submission to the Trust Board, incorporating the appropriate variance analysis prepared/ presented by individual Academy Finance Lead. A review will accompany this information and will include explanations for any material variations together with recommendations from the Director of the Trust, where necessary, for corrective action to ensure that the projected out turn is achievable or acceptable. Such reports will be presented within an agreed period.
- 8.7. The budget may be reviewed from time to time during the year, following the same procedures as for the original budget, a revised budget (in the form of a re-forecast) may be approved which will be adopted in place of its predecessor.
- 8.8. Any new proposal to the Board, which would involve the incurring of additional net expenditure during a period for which the Board has already approved a budget or a programme of capital expenditure, shall be accompanied by a business case report indicating the level of adequacy or otherwise of the financial provision in the budget and programme.
- 8.9. Forecast 'Outturns' (Re-forecasts) are to be prepared by each individual Academy, in the format set out in the Trust's procedure, on a quarterly basis and reported to the relevant Academy Finance Lead (or nominated staff member), for incorporation into financial reports before presentation to the Trust Board. Reforecasts that cause an Academy to be materially over budget are subject to approval of the appropriate Senior Management Team, Governing Body and / or Trust Board, in accordance with the following:



Budget (or Forecast) Overspend	Report To / Approval From
Up to £5,000 in total	Principal; Headteacher
£5,001 to £10,000	CEO/ Governing Body
£10,001 to £20,000	Governing Body/ Director of Trust
£20,001+	Director of Trust/ Trust Board

8.10. Approvals required for unbudgeted expenditure (i.e. not specifically included in approved budget), including unbudgeted staff posts, are as follows:

Unbudgeted Expenditure	Report To / Approval From
Up to £5,000 in total	Principal; Headteacher
£5,001 to £10,000	CEO/ Governing Body
£10,001 to £20,000	Governing Body/ Director of Trust
£20,001+	Director of Trust/ Trust Board

8.11. Approvals required for other variations to the budget are as follows:

Budget Variation	Approval To / Approval From
Impact of any new policies, or significant amendments to existing policies which have been previously been approved.	Trust Board
Virement of expenditure between budget headings to the extent of £5,000 in total, per quarter	Principal;/Headteacher
Virement of expenditure between budget headings to the extent of £10,000 in total, per quarter	Governing Body
Virement of expenditure between budget headings over £10,000, per quarter	COO / Board

8.12. Academy Governing Bodies may approve any financial proposals which alter the budgeted surplus for the year in accordance with the table in 8.10

8.13. The Director of the Trust, in conjunction with the COO may approve any action which incurs additional expenditure if specific additional income of at least equal value has become available.

8.14. The Academy Governing Body and the Trust Board will also receive, during the financial year, any other reports or statements as it from time to time considers necessary to exercise proper financial control including, where appropriate, PFI performance reports.

8.15. Nothing in these Financial Regulations shall prevent an officer from incurring expenditure which is essential to meet any immediate needs of the Trust created by an emergency. This is subject to their action being discussed beforehand with the Director of the Trust, relevant



Trust Director or Principal/ Headteacher, and being reported immediately to the subsequent Trust Board meeting.

- 8.16. Once approved the budget should be uploaded to the Trust's computerised financial information accounting system so that all budget-holders are aware of available funds.
- 8.17. Reports will be prepared as a minimum monthly by the Academy Finance Lead. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal/ Headteacher and the Finance and Operations Committee. Reports will also include rolling 12 month cash flow and balance sheet projections.
- 8.18. Any potential overspend against the budget must in the first instance be discussed with the Academy Finance Lead. The accounting system will not allow payments to be made against an overspent budget without the approval of the Academy Finance Lead. If the potential overspend is above £10,000 per quarter then the Trust COO needs to be notified in advance.
- 8.19. 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. If a budget overspend is forecast it may be appropriate to transfer uncommitted resources (virement) from one budget to another.

9. External and Internal Auditing

- 9.1. The Trust Board will appoint External Auditors as required by statute, and in a way consistent with the requirements of the current guidance issued by the ESFA.
- 9.2. The COO (or a nominated staff member) will arrange for the completion of the external audit, liaising with the external auditor on behalf of the Trust. The COO, Academy Finance Lead, or a nominated staff member are responsible for ensuring that draft Trust accounts are considered by the Trust Audit and Risk Committee before the Trust Board and that the finalised financial statements are available for adoption at the Board, which is held within four months of the year end.
- 9.3. The COO, Academy Finance Lead, or nominated staff member, will also arrange for the Management Letters (Audit Findings Report) to be considered by the Group Audit and Risk Committee.
- 9.4. The external auditors should be given the opportunity, at least once a year, to meet the Audit and Risk Committee without any officers being present, to discuss issues that may have arisen during their work, or highlight areas of concern.
- 9.5. The COO is responsible for ensuring there are adequate internal audit arrangements in place.
- 9.6. The internal audit function is carried out by the Board's appointed consultants, under the independent control and direction of the COO which shall be arranged to carry out a continuous examination of financial and other operations of all Academies within the Trust. An annual risk based programme of work will be set by the COO in consultation with Directors and the Audit and Risk Committee.



- 9.7. All internal audit reports are available to members of the Audit and Risk Committee. A summary of audit findings is presented to the Audit and Risk Committee each quarter.
- 9.8. Where an external Audit Management Letter (Audit Findings Report) or internal audit report highlights weaknesses or improvements, management will provide a response within the report. For external and internal audit, it is the responsibility of the COO to liaise with the appropriate staff to ensure that the response is provided. The response will include the following information:
- Whether the recommendation is accepted, and if not, why not;
 - Where not clear from the recommendation, details of what action is to be taken;
 - Who is responsible for completing the work required; and
 - A timescale for completing the work.
- 9.9. The External and Internal Auditors along with the Director of the Trust, or their authorised representative, shall have authority to:
- Enter at all reasonable times any of the Trust's premises or land;
 - Have access to all records, documents and correspondence relating to any financial or other transaction of the company;
 - Require and receive such explanations as are necessary concerning any matter under examination; and
 - Require any employee of the company to produce cash, stores or any other Trust's property under the employee's control.

10. **Business Assurance and Risk Management**

- 10.1. The Trust is committed to the highest standards of quality, probity, openness and accountability. As part of this commitment, the Trust encourages employees or others with serious concerns about any aspect of the Trust's work to come forward and express those concerns, without fear of reprisal or victimisation, in accordance with the Trust's HR guidelines and the Co-op's Anti-Fraud and Anti Bribery Policy.
- 10.2. The Trust has a number of strategy and policy statements which outline its stance on anti-fraud and corruption and provide information and guidance on fraud and corruption related issues. The Anti-Fraud and Anti Bribery Policy brings together these statements in one place. The policies contained within the framework document are:
- Anti-Fraud and Corruption Strategy;
 - Fraud Response Plan;
 - Anti-Bribery Plan;
 - Whistleblowing Policy; and
 - Anti-Money Laundering Policy.
- 10.3. Whenever a matter arises that is thought or suspected to involve irregularities concerning cash, property or the exercise of the functions of the Trust or any Academy within the Trust, the member of staff who becomes aware of it should immediately notify their line manager. The issue should be reported immediately thereafter to Principal/ Headteacher or Director level and in all instances, this should be reported to the Trust Company Secretary, and they will decide whether the issue is serious enough to refer to the Director of the Trust.



- 10.4. If the suspected irregularities potentially involve the Principal/ Headteacher or Director, then the Director of the Trust should be notified.
- 10.5. The Director who becomes aware of the irregularity and other senior officers will then continue to act in accordance with agreed procedures as may be detailed in the Terms and Conditions of Employment. Having been notified of the potential irregularity, the Director of the Trust shall take further steps as they consider necessary by way of investigation, action and report to the Audit and Risk Committee and Trust Board.
- 10.6. If the suspected irregularities potentially involve the Director of the Trust then the Director who becomes aware of the potential irregularity should consult the Trust Chair or the Chair of the Audit and Risk Committee, who will take action they consider appropriate.
- 10.7. As per the ESFA Financial Handbook, there is a regulatory requirement to submit an annual report on net losses from fraudulent activity.
- 10.8. The Trust will ensure it complies with all financial regulations defined by the ESFA and Companies Act, and members and staff will cooperate in full with reviews by the ESFA including external and internal audits.

Insurance Management

- 10.9. The COO or nominated staff member, shall affect all insurance cover and negotiate all claims either in consultation with, or by delegation to other offices where appropriate.
- 10.10. Other officers shall promptly notify the COO or nominated staff member, of all matters which might affect the Trust's insurance, including new risks, losses, possible claims for accident or damage, and will give such assistance as the Director may require formulating claims or dealing with matters arising.
- 10.11. When becoming aware of a potential claim through loss, liability or damage or other cause the member of staff involved will, as soon as is practically possible, notify the COO or nominated staff member, who will submit a claim to the Group's insurance brokers or direct to the insurer, following agreed procedures for such claims.
- 10.12. The COO or nominated staff member, shall annually or more regularly if appropriate review all insurance in consultation with other Trust SLT colleagues, and arrangements will be made to ensure the Trust's assets and activities are properly insured in accordance with good practice.
- 10.13. Directors and other staff shall consult the COO and, if felt appropriate, the Trust's solicitors regarding the terms of any indemnity which the Group is requested to give.
- 10.14. The COO will submit a report to the Board on cover for the Trust's risks on an annual budget basis, including an assessment as to whether insurance arrangements need to be changed.



Risk Management

- 10.15. The Trust, through the Audit and Risk Committee, will maintain a comprehensive Risk Management Framework including:
- a risk management strategy, approved by the Board;
 - a risk register for the key risks facing the Trust;
 - an assessment of the likelihood of the risk crystallising and the potential impact;
 - proposals of risk mitigation; and
 - identification of risk owners.
- 10.16. Where new projects or initiatives, including property acquisitions and developments are proposed, the project appraisal will include an assessment of the appropriate risks involved.

Security

- 10.17. Each Director or Principal/ Headteacher is responsible for maintaining proper security at all times for all buildings, stocks stores, furniture, equipment, cash etc. under their control. They shall consult with the Director responsible for resources on any issues where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 10.18. Maximum limits for cash holdings shall be agreed by the COO or nominated staff member, and shall not be exceeded without express permission.
- 10.19. Keys to safes and other similar containers are to be carried on the person of those responsible at all times while in the office and safely stored when not in the office. The loss of any such keys must be reported to the relevant Director, Principal/ Headteacher and Academy Finance Lead as soon as possible. Duplicate keys will only be issues in exceptional circumstances on satisfaction that all reasonable efforts have been made to recover lost keys. No keys should be marked in such a way as to make them identifiable to any person who is not authorised to hold that key.
- 10.20. The COO or nominated staff member, shall be responsible for maintaining property security and privacy of information held in a computer installation and ensuring the information is not improperly disclosed. Further, information held on individuals should comply with the requirements of GDPR.
- 10.21. The Academy Principal/ Headteacher shall be responsible for ensuring that regular copies of Academy computer data are made and that these are stored in a safe, remote location, and that arrangements are in place for backup usage of computer facilities in the event of a serious malfunction.
- 10.22. Staff should ensure that their personal belongings are kept safe and secure at all times because the Trust cannot be responsible for losses.



11. Treasury Management

- 11.1. The Trust adopts key recommendations of the ESFA Good Practice Guide.
- 11.2. The Boards are responsible for the implementation and monitoring of its treasury management policies and practices, and delegates responsibility for the execution and administration of treasury management decisions to the COO, or nominated staff member, who will act in accordance with the Trust's policy statement and TMP's and the ESFA's Good Practice Guide to Treasury Management.)
- 11.3. Treasury systems and procedures will be developed by the COO to manage the key risks of cost, liquidity and maximisation of investment returns, whilst reducing risk to an acceptable level.

Bank Accounts

- 11.4. The opening of all accounts must be authorised by the Trust Board. Any bank account in which any money of the Trust in so far as it relates to the Academy is deposited shall be operated by the Local Governing Body in the name of the Trust. Signatories for bank accounts will be established on mandates signed by Trust Directors.

Deposits

- 11.5. Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- the amount of the deposit; and
 - a reference, such as the number of the receipt or the name of the debtor.

Payments and Withdrawals

- 11.6. All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Principal/Head Teacher;
 - Academy Finance Lead;
 - Vice Principal/Deputy Headteacher;
 - Trust Finance Director; and
 - Nominated Governors.

- 11.7. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy. Authorised signatories must not be the sole signatory of a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

- 11.8. The Academy Finance Lead must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:



- all bank accounts are reconciled to the Academies ledger;
- reconciliations are prepared by the Finance Department;
- reconciliations are subject to an independent monthly review carried out by the Academy Finance Lead; and
- adjustments arising are dealt with promptly.

Petty Cash Accounts

- 11.9. The academy maintains a maximum cash balance of £500. The cash is administered by the Finance Department and is kept in the office safe.

Petty Cash - Deposits

- 11.10. The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Petty Cash - Payments and Withdrawals

- 11.11. In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by cheque directly from the main bank account as a cash book payment.

Petty Cash - Administration

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

Petty Cash - Physical Security

- 11.13. Petty cash should be held in a locking cash box which is put in the safe overnight.

Credit Cards

- 11.14. Credit card usage must adhere to the Trust's Credit Card Policy.

Cash Flow Forecasts

- 11.15. The Academy Finance Lead is responsible for ensuring that the academy has sufficient funds available to pay for day to day operations. The Trust COO has this responsibility for central Trust funds. Where there is the possibility of an Academy or the central trust having insufficient cash to meet its obligations, a rolling 12 months cash flow forecast must be maintained. In conjunction with the Trust COO the Academy Finance Lead will identify the need for cash support from elsewhere in the Trust. Plans should be made to transfer funds



from another bank account or to re-profile income and expenditure to cover potential cash shortages. If significant positive balances can be foreseen, steps should be taken to invest the extra funds.

- 11.16. Cash Flow forecasts will be updated monthly in line with the Trust accounting timetable by the Academy Finance Lead and reported to the Trust COO.

Investments

- 11.17. Investments must be made only in accordance with written procedures approved by the Trust Board.
- 11.18. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

12. Corporation Tax and Value for Money (VAT)

- 12.1. The COO, or nominated staff member, shall be responsible for ensuring that the Trust complies with the Corporation Tax and VAT legislation whilst at the same time endeavouring to minimise, so far as the law permits and so far as in the best interests of the Trust and its individual Academies, its liability to taxation.
- 12.2. The COO, or nominated staff member, shall be responsible for making all Corporation Tax and VAT returns on behalf of the Trust and for ensuring so far as is possible that penalties are not incurred.

13. Management of Assets

- 13.1. The COO, and any other Directors, Principals/ Headteachers and senior managers are responsible for safeguarding the assets of the Trust and managing them in a manner consistent with maximising Trust value.
- 13.2. A register or registers of all properties owned or leased by the Trust will be kept in a form approved by the COO (in compliance with regulatory requirements) recording location, extent and plan reference, purchase details and particulars or nature of the Trust's interest and rents payable and particulars of tenancies granted.
- 13.3. All acquisition of assets must be in accordance with the Trust's procurement policy and procedures, the development scheme appraisal procedure, the system of delegated authority and the annual budget provision.
- 13.4. The COO, or nominated staff member, will make arrangements to ensure the safe custody of all title deeds.
- 13.5. A register of furniture, fittings, equipment, plant and machinery and other capital equipment owned or leased by the Trust will be maintained, in a format determined by the COO, or nominated staff member.



- 13.6. Assets capitalised in the balance sheet are to be depreciated in line with policies set by the Trust Board. The COO, or nominated staff member, will review the depreciation policies on an annual basis to ensure that they remain appropriate. An annual impairment review of all properties will be carried out and where appropriate will be written down to their residual value.

Disposal of Land and Property and Other Assets

- 13.7. The disposal or write off of assets are approved only where they are in accordance with the Financial Procedures relating to assets. Any disposal of assets must be at the best sale value, in accordance with delegated authority.
- 13.8. All sales or disposals of land and property over the value of £5,000 will be authorised by the Trust Board and be include any regulatory approvals/consents.

Asset Register

- 13.9. All items purchased with a value over the academies capitalisation limit of £500 must be entered in an asset register. The asset register should include the following information:
- asset description;
 - asset number;
 - serial number;
 - date of acquisition;
 - asset cost ;
 - source of funding ;
 - expected useful economic life ;
 - depreciation;
 - current book value ;
 - location; and
 - name of member of staff responsible for the asset.

- 13.10. The Asset Register helps:
- ensure that staff take responsibility for the safe custody of assets;
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
 - to manage the effective utilisation of assets and to plan for their replacement;
 - help the external auditors to draw conclusions on the annual accounts and the academy's financial system; and
 - support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of Assets

- 13.11. Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 13.12. All the items in the register should be permanently and visibly marked as the academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount



recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

Disposals

- 13.13. Items which are to be disposed of by sale or destruction must be authorised for disposal by The Academy Finance Lead and, where significant, should be sold following competitive tender. The academy must seek the approval of the ESFA in writing if it proposes to dispose of any land, buildings or heritage.
- 13.14. Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.
- 13.15. All disposals of land must be agreed in advance with the Secretary of State.

Leases

- 13.16. The Trust is not able to enter into finance leases. All proposed leases for the use of assets must be identified and confirmed as operating leases by the Academy Finance Lead.
- 13.17. Operating leases relating to land and buildings should be referred to the Trust COO who will establish if ESFA approval is required.

Loan of Assets

- 13.18. Items of academy property must not be removed from academy premises without the authority of the Head of Department/ Principal or Headteacher in a primary academy. A record of the loan must be recorded in a loan book and booked back into academy when it is returned.
- 13.19. 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 auditors.

14. Procurement

- 14.1. The Trust wants to achieve the best value for money for all purchases. This means the correct quality, quantity to meet the timescale and at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs; and
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and



equitable basis.

The Trust expects all its suppliers to have adopted an approach which is consistent with the provisions of the Modern Slavery Act 2015.

Routine Purchasing

- 14.2. Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month. Budget holders are also be able to look up data relating to their own budget areas via the online financial information system.
- 14.3. Routine purchases up to £2,000 can be ordered by budget holders. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Academy Finance Lead.
- 14.4. All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the Finance Department. Orders must bear the signature of the budget holder and must be forwarded to the Finance Department who will check to ensure adequate budgetary provision exists before placing the order, or checked via online budget information where available.
- 14.5. Approved orders/requisitions will be recorded in the purchase order module of the financial information system which allocates a reference number. Orders will be dispatched to the supplier from the Finance Department.
- 14.6. The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the budget holder or other staff member must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
- 14.7. If any goods are rejected or returned to the supplier because they are not as ordered or are of substandard quality, the Finance Department should be notified. The Finance Department will keep a central record of all goods returned to suppliers.
- 14.8. All invoices should be sent to the Finance Department. Invoice receipt will be recorded by the Finance Department (and the invoice scanned) into the Financial Information System purchase ledger module) The Finance Department will evidence:
 - a) invoice arithmetically correct;
 - b) invoice posted to purchase ledger;
 - c) goods/ services received;
 - d) goods/services as ordered;
 - e) prices correct;
 - f) invoice authorised for payment;
 - g) payment authorised; and
 - h) VAT treated correctly.
- 14.9. Points (a) and (b) will be completed by the Finance Department. The invoice will then be



sent to the budget holder to agree (c), (d) (e) and (f). Before authorising these points the budget holder must make a detailed check against the order and the GRN. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt. This is based on term time.

- 14.10. If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
- 14.11. When the budget holder has agreed (c), (d) (e) and (f) the invoice should be sent to the Finance Department. On a monthly basis the Finance Department will produce a list of outstanding invoices from the purchase ledger.
- 14.12. The Finance Department will then input details of payments to be made to the purchase ledger and generate the BACS list. The BACS and associated paperwork must be authorised by two of the nominated signatories. There may be occasions when suppliers will be paid by cheque and will be signed by two of the nominated signatories.

Suppliers' bank details

- 14.13. All changes to suppliers' bank details must be validated by the Academy Finance Lead. Academy finance staff should obtain authorisation from the Academy Finance Lead prior to making any such changes and the change should be validated by contacting the supplier by reference to contact information held on file.

Orders over £2,000 but less than £5,000

- 14.14. At least three verbal quotations or estimates must be obtained and the process recorded on the accounting system together with the name of the budget holder who has made the procurement decision.

Orders over £5,000 but less than £15,000

- 14.15. At least three written quotations must be obtained for all orders between £5,000 and £15,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable in cases of pressing need, subject to approval (written) by the Finance Director or Principal.
- 14.16. The options for different forms of tender (paragraph 14.19) can be applied to orders over £5,000 and less than £15,000.

Orders over £15,000

- 14.17. All goods/services ordered with a value over £15,000, or for a series of contracts which in total exceed £15,000 must be subject to formal tendering procedures. The aggregated value over the contract term of purchases of goods or services over £164,176 net of VAT or recurring annual spend in excess of £62,842 net of VAT (as amended from time to time) may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. The Trust COO will be responsible for all formal tenders.



- 14.18. All projects or individual capital items over £50,000 must be approved by the Trust Board, prior to capital commitments/ orders being placed. This threshold applies to the cost of the project net of any grant or other income directly attributable to the procurement. This does not prevent firm cost estimates being obtained give board assurance on project/ capital costs.

Forms of Tender

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with The COO how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs;
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements; and
 - 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 (possibly a specialised supplier) or very few suppliers are available;
 - extreme urgency exists; and
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

- 14.20. Full consideration should be given to:

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

- 14.21. 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.



Invitation to Tender

- 14.22. If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.
- 14.23. 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 and
 - form of response.

Aspects for Consideration

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; and
- 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; and
- Details of previous sales and references from past customers.

Other relevant Considerations

- Pre sales demonstrations;
- After sales service; and
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

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



Tender Opening Procedures

- 14.25. 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 £25,000 - two of the budget holder, The COO or the Principal/ Headteacher; and
 - For contracts over £25,000 - either the Trust COO or the Principal/ Headteacher plus a member of the Finance and Resources Committee.
- 14.26. 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

- 14.27. 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.
- 14.28. 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.
- 14.29. Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance and Operations Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance and Operations Committee.
- 14.30. Contracts over £50,000 will have been previously approved by the Trust Board, see 14.18 above.
- 14.31. Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be obtained before the acceptance of a tender.
- 14.32. The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

15. General Accounting Policies and Procedures

General

- 15.1. To ensure consistency of approach and valid comparison of Academies within the Trust, all financial and management accounts produced within the Trust must be prepared in accordance with Trust accounting policies.
- 15.2. Trust accounting policies are determined and set by the Trust Board. Any accounting treatment required, but not specified in the Trust's accounting policies, should be discussed with the COO, or nominated staff member.
- 15.3. All policies are to comply with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with



the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017/18 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

- 15.4. The Academy Finance Lead, or nominated staff member, is responsible for ensuring that all relevant accounting standards and accounting policies are adhered to.
- 15.5. All accounting procedures and records of the Trust shall be determined by the COO, or nominated staff member. These should be sufficient to satisfy statutory and regulatory requirements, to ensure effective management and safeguard the interests of stakeholders.
- 15.6. The following principles shall be observed, where possible, in the allocation of duties involving financial activity to ensure that a proper segregation of duties exists:
- The duties of providing information about money due to or from the Trust and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or paying them; and
 - Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- 15.7. It is the responsibility of the Trust Board, through senior management, to maintain accounting records sufficient at all times to:
- Identify assets and liabilities (including monthly accruals);
 - Ensure properly due to amounts are paid out;
 - Recognise and collect all income that is due; and
 - Provide regular reports on the financial position to senior managers, Directors, the Board and Statutory or Regulatory bodies.
- 15.8. The following accounts and accounting records will be kept as a minimum requirement:
- General/ Nominal Ledger;
 - Purchase Ledger;
 - Sales Ledger;
 - Cashbook;
 - Bank Statements;
 - Payroll Records;
 - Fixed Assets Register; and
 - Investment Register;
- 15.9. The Academy Finance Lead, or nominated staff member, are responsible for the preparation and submission of statutory accounting information to the Trust COO, or nominated staff member, in accordance with the requirements of the Trust's Financial Policies and Procedures.
- 15.10. These financial statements should give a true and fair view of both the results for the period prescribed, and the net assets. The financial statements must be prepared in compliance with all relevant statutory and regulatory requirements, and in accordance with the approved Trust accounting policies and in accordance with the Trust format and timetable.



Value for Money

- 15.11. The Trust's accounting officer will complete the necessary information required by the ESFA as outlined in the Academies Financial Handbook.

Income

- 15.12. The main sources of income for the academy are the grants from the ESFA. The receipt of these sums is monitored directly by the Academy Finance Lead who is responsible for ensuring that all grants due to the academy are collected.
- 15.13. Other sources of income include:
- students, mainly for trips; and
 - the public, mainly for sports lettings.

Trips

- 15.14. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Department.
- 15.15. Students should make payments at the Finance/Administration Department or the class teacher where practical e.g. in primary Academies. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment. All academies must comply with the requirements for charging for pupil trips as set out in Sections 449 - 462 of the Education Act 1996 and supporting guidance from the DfE. The latest DfE guidance document is dated May 2018.
- 15.16. The Finance Department should maintain an up to date record for each student showing the amount paid and the amount outstanding.

Lettings

- 15.17. If the Academy seeks to enter into an agreement with any party to manage the lettings of the premises, approval must be obtained from the Governing Body.

Custody

- 15.18. Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in an Academy safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Department safe.
- 15.19. Monies collected must be banked in their entirety in the appropriate bank account. The Finance Department is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Director/ Finance Manager.



Write off of debts and losses

- 15.20. The Trust will pursue all income due. Any proposed write-offs are subject to governing body approval. In addition, the Trust COO must be informed to ensure that the requirements and reporting/ consent limits set by the ESFA are met.

Changes to Staffing Structures

- 15.21. The Director of the Trust must be consulted in connection with proposals to change established staffing structures outside of the annual budget-setting process. He/she will then determine the process to approve the proposal, reflecting its scale including its impact on pupil outcomes and budgets.
- 15.22. Changes considered as part of the budget-setting process will require the approval of the governing body and Trust Board as part of that process.

Payroll

- 15.23. The main elements of the payroll system and processes are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

- 15.24. The Governing Body has approved a personnel establishment for the academy as part of the budget-setting process.
- 15.25. The Principal/ Headteacher has authority to appoint staff within the authorised establishment except for Vice Principals/ Deputy Headteachers, Assistant Headteachers and the Academy COO whose appointments must follow consultation with the governors. The Principal maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Academy Finance Lead immediately.

Payroll Administration

- 15.26. The payroll is administered through one payroll provider.
- 15.27. All staff are paid monthly through the payroll provider. A master file is created for each employee which records:
- salary;
 - bank account details;
 - taxation status;
 - personal details and
 - any deductions or allowances payable.
- 15.28. All amendments made to the monthly payroll will be authorised by the Principal/ Headteacher or Academy Finance Lead. Any changes to the Principal's/ Headteacher's or

the Academy Finance Lead salary will be approved by the Academy Governors. Any amendments relating to the Trust staff will be approved by the Trust Board.

- 15.29. The Finance Department will prepare and distribute a timetable for payroll processing specifying key dates for the month in question.

Payments

- 15.30. Before payments are dispatched a printout of all data will be obtained from the payroll provider and this will be checked against source documentation by the Finance Department and then reviewed and initialled by the Academy Finance Lead or Head Teacher.
- 15.31. All salary payments are made by BACS. The Finance Department are responsible for reconciling the NI and pension deductions and ensuring the relevant amounts paid over.
- 15.32. After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department will review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account. The suspense account must be reconciled within 14 days.

Financial Delegations

16. General Revenue Expenditure

- 16.1. Authority levels to commit and make payments in relation to revenue expenditure is approved by the Trust Board with reference to the person's position in the Trust and anticipated expense flows. The Authorities Schedules shown in Appendix A determines the posts which are authorised to make commitments and the limits to these commitments.
- 16.2. The Authorities Schedule details authority levels and limits in respect of approved budgets as well as limits relating to unbudgeted expenditure and virement between approved budgets.

17. Capital Investment

- 17.1. This category of contract expenditure relates to the Investment programme which is delivered and managed through the Trust's and Academy business plans and includes the following key elements:
- Development programmes (including new build schemes)
 - Improvement programmes (including any capitalisation of major repairs).
 - Procurement of other fixed assets (Including IT expenditure)
- 17.2. Development and Improvement programmes will be managed by the relevant Principal/ Headteacher (following budget approval of the Trust Board) and their respective senior management teams.



- 17.3. The management and control of the Trust's IT capital expenditure is the responsibility of the COO. Establishing and agreeing the Trust's IT capital expenditure programmes will be delivered as part of the annual business planning process and be based on a fully costed project plan. Overall approval of Trust IT expenditure will be made by the Trust Board on the recommendation of the Trust's Senior Management Team and incorporated into the Trust's annual business plan.
- 17.4. Financial commitment should be incurred under the terms of a contract which has been previously entered into under the Trust's procurement policy and procedures.
- 17.5. Authority to approve financial commitment / contracts and or works orders is delegated to officers specified below;

Authority to Approve Financial Commitment / Work Orders / Contract	
Description	Delegated Authority
<p><u>Contract Approvals</u></p> <p>All contracts approvals for Contracts/ Capital Investment programmes approved by Board, including financial limits</p>	<p>Principal/ Headteacher (Incl. AFL) Between £5,000 and £10,000</p> <p>Governing Body or COO Between £10,001 and £20,000</p> <p>Governing Body and COO Over £20,000</p>
<p>Contracts signed under Seal</p>	<p>Board or Delegated Officers</p>
<p><u>Works / Purchase Order Approvals</u></p> <p>Specific order approvals (within the above overarching Contract approvals) approved by Board</p>	<p>Principal/ Headteacher (Incl. AFL) Between £5,000 and £10,000</p> <p>Governing Body or COO Between £10,001 and £20,000</p> <p>Governing Body and COO Over £20,000</p>

- 17.6. Key control assumptions include:-
 - Only those members of staff relevant to the specific project have delegated financial authority for that project
- 17.7. The authority to approve payments in this context refers to the categories of expenditure as detailed in 17.1 above, and which has been previously committed in-line with 17.5 above and is delegated to the officers specified below;



Authority to Approve Payments Committed Capital Investment – Contract Expenditure within Budget	
Description / Limits	Delegated Authority
For all invoices, interim and final certificates up to the value of £25,000	See Appendix A
For all invoices, interim and final certificates up to Board and governing body approval limits	See Appendix A
For all invoices, interim and final certificates over Board and governing body approval limits	Trust Board

17.8. The approval of payments refers to the authorisation to make payments for goods / services committed. This will be achieved by the officer ensuring that the goods received note / interim certificate is in order, matches with the works order or other relevant contractual documentation and that work has been carried out / goods or services delivered in line with the contract terms.

17.9. Only those members of staff relevant to the specific project have delegated financial authority for that project. Projects should not be artificially split to allow the approval at a lower level of delegated authority. Limits should be cumulative per project.

17.10. Investment projects (summarised in 17.1 above) not within the Trust's business plan or that do not meet the approved financial and commercial criteria, will be subject to a detailed scrutiny by the relevant governing body and approval will be dependent on a number of factors including the Trust's financial capacity (current and future).

17.11. Investment projects that are not included in the Trust's approved business plan will be subject to the approval of the appropriate governing body and/ or Trust Board in accordance with the following;

Budget (or Forecast) Overspend	Report To / Approval From
Up to £5,000 in total	Academy Principal ; Headteacher
Between £5,001 and £10,000	CEO / Governing Body
Between £10,001 and £25,000	Governing Body / Director of Trust
Over £25,001	DOT / Trust Board