



MOWBRAY
Education Trust

Financial Regulations

June 2017

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1. Introduction

The purpose of this manual is to ensure that the Trust maintains and develops systems of financial control which conform to the requirements of propriety, efficiency and regularity. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Education Funding Agency (EFA).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the EFA. This manual expands on that and provides detailed information on the academy's accounting procedures and system and should be read by all staff involved with financial systems in conjunction with the Scheme of Delegation of Financial Powers.

1. 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 academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within any 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.

The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

2. Accounting system

All the financial transactions of the academy must be recorded on Access Dimensions. The Finance system consists of a package of software including:

- Access Dimensions
 - Accounts software
 - Asset Manager
 - Document Manager
 - Smart Tags
 - Focalpoint
 - Office Integration

2.1. System Access

Entry to Access Dimensions is password restricted. Access to the component parts of the system can also be restricted and the Chief Operating Officer is responsible for setting access levels for all members of staff using the system.

2.2. Back-up Procedures

The Group IT Manager is responsible for ensuring that there are effective back up procedures for the system. Incremental updates are backed up remotely each night and rolled up at the end of the month so a full back-up can be mirrored onto storage media and retained in line with the Trust back up policy.

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

2.3. Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the bank account, payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

2.4. Transaction Reports

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

- the monthly audit trail reports;
- payroll, purchase ledger and sales ledger reports
- management accounts summarising expenditure and income against budget

2.5. Reconciliations

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

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- bank balance per the nominal ledger to the bank statement
- Balance Sheet reconciled
- VAT reconciliation and all other reports required by the Trust
- All other debit and credit accounts

The Chief Operating Officer will review and sign all reconciliations as evidence of this review which should then be checked by the the Accounting Officer in line with the Accounting Officer Work Schedule.

3. Financial planning

The academy in consultation with the MAT prepares both medium term and short-term financial plans. The medium term financial plan is 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. The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below.

3.1. Development Plan

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 academy's objectives and targets to the resources expected to be available. Plans will be kept flexible and simple - they are the "big picture" within which more detailed plans may be integrated.

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

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

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

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 criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management

team will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

3.2. Annual Budget

The Headteacher in each academy is responsible for preparing and obtaining approval for the annual budget. The budget must be reviewed and recommended by the Chief Operating Officer, and be approved by the local Finance Committee before being submitted to the MAT Board.

The approved budget must be submitted to the EFA by the 31st July each year and the Chief Operating Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of EFA grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and
- 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.

3.3. Budget format

Schools are required to submit their budgets in the format prescribed by the Trust to aid consolidation of budgets across the Trust, and to facilitate reporting through the finance system.

3.4. Budget preparation timeline

End of March	Schools develop indicative budgets for coming Sept-August year
End of May	School Finance Committees agree draft budgets School Finance Committees submit any requests for reserves
End of June	Audit Committee & Board approve consolidated & individual budgets
Early July	Approved budgets passed to schools

3.5. Balancing the Budget

Each School is required to propose a balanced budget based upon expected funding levels for the following year. This should include all forecasted grant and commercial revenue, and the costs associated to deliver planned activities. Daily operating expenses should never be budgeted to come from Reserves or Contingency, and must be allocated to the annual funding received

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. In line with the Trust Budgeting policy, all entities that have been part of the Trust for more than 12 months are required to set balanced budgets, and include an annual contingency figure as determined by the Trust Board.

3.6. Contingency Requirement

Each school that has been a member of the Trust for more than 12 months is required to include within their balanced budget a contingency figure equivalent to 2% of their forecast Grant income. The contingency is only to be used for unbudgeted exceptional costs and should not be viewed as a “cost overrun pool” that is readily available to offset any normal operating expenditure that is higher than budget. This situation would indicate that an unrealistic budget had been initially proposed.

3.7. Finalising the Budget

A draft budget should be prepared by the Business Manager/Headteacher in each academy for approval by the CEO, the Finance Committee and the Board. The budget should be communicated to all staff with responsibility for departmental budgets so that everyone is aware of the overall budgetary constraints. The Chief Operating Officer will consolidate all budgets into one organisational Trust budget for submission to the Board.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

3.8. Monitoring and Review

Monthly reports will be prepared by the Group Management Accountant. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the local Finance Committee. Any potential overspend against the budget must in the first instance be discussed with the Business Manager and/or Head Teacher

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 vire money from another budget or from the contingency, inline with the delegated financial powers.

4. Reserves Policy

Reserves are different to annual operating expenditure. Reserves are to be used for strategic development plans of the schools, and activities occurring on a day to day basis should not be funded from reserves.

Reserves belong to the Trust, and are to be used at the discretion of the Directors. It is the Directors' responsibility to ensure that the Trust remains a Going Concern and to hold such reserves that it determines appropriate to support the going concern nature of the Trust, and its individual member schools. It is the Directors' current view that the Trust should hold a minimum of 1 months operating costs as Free Reserves, and should be working towards establishing reserves of 2 month's operating costs. Free Reserves are identified as cash balances over and above the recurring business cycle's cashflow, and which are not committed to any other usage.

The Directors have determined that the charitable company requires reserves for the following purposes:

- To cover statutory obligations and to wind up its own affairs in an orderly way; if so decided
- To provide working capital for projects with late payment dates and to fund initiatives of importance to furthering the objects of the Trust
- To meet the costs of planned major capital expenditure

All these calls on reserves are inter-related, so that reserves ultimately held to cover statutory obligations may be used as working capital in the short term, where it is known that funding will eventually be received. The long term objective is that separate sums should be designated to meet statutory objectives and for working capital needs.

Any unspent funds at the end of each financial year within each school will be transferred to MAT reserves to enable the Directors to assign reserves to any strategic project arising in the future in any school or the MAT as a whole. Reserves accruing to each school will be identifiable and be used by the Directors when reviewing applications for use of reserves.

At all times the Directors pay due regard to the benefit of utilising reserves whilst minimising the risk to the Trust of cash flow implications. These reserves held by the Trust at present largely constitute the reserves transferred to it by the Local Authority upon conversion of the schools to Academy status and are therefore not representative of surpluses made in its normal day to day operations.

5. Treasury & Investment Policy

Previous audit committees instructed the following policies to be enacted with regards to our cash holdings:

- To be invested in risk free vehicles. This was previously a requirement of the Academies Financial Handbook, but has now been lifted, although directors must have due regard for the risks of investments, and their suitability for the investment of tax payers funds.
- To be cash or cash equivalent investments
- To be held in notice or call accounts wherever best returns could be earned, for a notice period of not more than 3 months
- To be held in each individual school to where the monies accrue.

6. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments

6.1. Staff Appointments

The governing body approves a staffing structure for each academy. Changes can only be made to this structure with the approval of the Finance Committee who must ensure that adequate budgetary provision exists for the proposed changes.

The Head Teacher has authority to appoint staff within the authorised establishment. The Head Teacher is appointed in consultation with the MAT. The Business Manager must maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the school business manager. Payments may not be made until after the correct submission of information by individuals.

The Business Manager must keep the personnel records on the central HR system up to date in a timely manner, with electronic copies of all personnel records held. The Single Central Record is to be maintained on the HR system with effect from 1 September 2017.

6.2. Payroll Administration

The academy payroll is being processed by an outsourced consultancy company trading as Dataplan. Master personnel records are held on the Carval software package, access to which is password controlled. Password control procedures and backup arrangements are described in section two of this policy. The master record on the package contain:-

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

Changes to contracts, including details of any new appointments, terminations, contract changes or additional payments are prepared by the Business Manager and must be authorised by the Head Teacher before being submitted to the payroll provider.

New staff can only be added to the payroll with the express authorisation of the Head Teacher. New staff must complete all relevant payroll documents issued by the school office or Business Manager. Failure to do this may result in non payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

The School Business Manager must complete the monthly staff return which provides details for any sickness and other absences to the payroll provider so any necessary adjustments can be made to pay.

Overtime claims must be submitted to the School Business Manager for checking and coding within the timeframes decided upon by each school in order to process for payroll.. All overtime and expense claims must be approved by the Head Teacher before processing for payment.

6.3. Payments

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total must be provided so it can be reviewed by the Business manager. This should be reviewed against the previous month's gross salary payments to check adjustments have been made for new appointments, resignations, pay increases and to ensure that no payments have been added for non school staff. The data must be reviewed and authorised together with authority to release payment by the Business manager and the Head Teacher. This process is managed directly online through the Dataplan system.

Once approved, Dataplan, the external payroll provider, will process all payments via BACS and provide pay slips for staff electronically. Deductions will be made for tax, national insurance, pensions and any child- care vouchers or bike scheme payments due.

After the payroll has been processed the salary information will be added to the Accounts System by the central Finance team and a monthly check run on the budget vs actual. Discrepancies identified will be investigated. On an annual basis the Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file on Carval.

7. Purchasing

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 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;
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.

7.1. Purchasing

Budget holders will be informed of the budget available to them at 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. A print detailing actual expenditure against budget will be supplied to each budget holder after the accounts have been closed for each month.

In the first instance a supplier should be chosen from the list of approved suppliers maintained by the school office. A quote or price should be obtained before any order is placed, except in the case of maintenance calls where the duration and final cost is unknown at the time of call out. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, i.e. a better price is found on the internet, this must be discussed with the Finance Assistant or Business Manager so the school payment cards can be used to make the payment or a new supplier set up on the Accounts System.

All orders must be made, or confirmed, quoting an approved purchase order raised either on the purchase order forms or through Focalpoint, depending which system is in use in the academy. Purchase order requests will be available from the school office. The sign off of orders should be in accordance with appendix B.

The Finance Assistant/SBM must make appropriate arrangements for the delivery of goods to the academy. On receipt a thorough check of the goods received must be made against the goods received note (GRN) and a record made of any discrepancies between the goods delivered and the GRN. This should be raised immediately with the supplier by the person conducting the check. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Business Manager should be notified. The Finance Assistant/SBM will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Finance Officer. They will then enter the invoice onto the system.

The budget holder will receive the invoice, either in hard copy, or via Focalpoint, for approval.

Payments will be made by the chosen payment method (BACS is the default), on a payment run processed at a maximum of twice per month.

Suggested payment reports will be printed off and the Headteacher of the school will be requested to check and approve the payment. This will then be countersigned by the MET Central Finance team before payment is processed.

7.1.1. Orders over £3,000 but less than £10,000

All staff have a requirement to ensure that they are making purchases for the best value for money, and to take best efforts to ensure they are receiving a fair price for services. For purchases above £3,000 but less than £10,000 staff are expected to have researched appropriate costs before submitting a purchase order request, and are required to give evidence of this this research on the Purchase Order.

7.1.1. Orders between £10,000 and £20,000

At least three written quotations should be obtained for all orders between £10,000 and £20,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and written confirmation of quotes has been received before a purchase decision is made. Purchases and contracts over £10,000 will be notified to the Finance Committee of the relevant Local Governing Body.

7.1.2. Orders over £20,000

All goods/services ordered with a value over £20,000, or for a series of contracts which in total exceed £20,000 must be subject to formal tendering procedures. For purchases that may fall under EU procurement rules current regulations must be complied with. Purchases fitting this level of expenditure must be referred to the Trust Audit Committee.

7.2. Forms of Tenders

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

- 1) **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Operating 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.

- 2) **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements
 - the cost of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- 3) **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

7.2.1. 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.

7.2.2. Invitation to Tender

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. 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

7.2.3. Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

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

7.2.4. Tender Acceptance Procedures

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

7.2.5. Tender 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 over £20,000 - either the COO or the Head Teacher plus a member of the Audit 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.

7.2.6. Tendering Procedures

The evaluation process should involve at least two people, drawn from the following list:

- CEO
- COO
- Chair of Board
- Member of Audit Committee
- Headteacher

Where tenders are above the value of £20,000, the process must include someone from the Audit Committee.

For 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 and for contracts over £20,000 a report should be prepared for the Audit Committee highlighting the relevant issues and recommending a decision. For contracts under £20,000 the decision and criteria should be reported to the Finance Committee. Where required by the conditions attached to a specific grant from the EFA, the department's approval must be obtained before the acceptance of a tender. The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

8. Income

The main sources of income for the academy are the grants from the EFA and from sponsors (if applicable). The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- students, mainly for trips, dinner, and clubs
- the public, mainly for lettings
- Other schools and organisations for consultancy services

8.1. Trips

A lead teacher must be appointed for each trip to take responsibility for the organisation of the trip. The sum to be charged for the trip must be discussed and authorised by the Headteacher using the appropriate trips permission form. The letter and permission slips will then be prepared by the staff within the school and a record created of all the students going on the trip. Parents will be encouraged to make all payments using ParentPay or an equivalent system to reduce cash handling in the office. For payments made by cash the Finance office will record the payment as received and issue a receipt for the parent/student. The Finance Officer / SBM should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis so they can chase up additional permission slips and payments, or be available through ParentPay on demand

8.2. Catering Income

Parents should be encouraged to pay dinner money half termly in advance using ParentPay or an equivalent system to reduce cash handling in the office. Details should be sent out at the end of each half term detailing the balance on the dinner money account and detailing the amount to be paid for the coming term. Parents who struggle to pay half-termly may pay weekly but the school should question the parents further to assess whether they may be entitled to free school meals and support them with their application wherever possible.

The school is responsible for recording, entering and banking any locally received dinner money. Anyone else receiving dinner money payments must ensure they are locked in the safe immediately. Dinner money should be checked and entered at least once each week. Receipts should be issued to confirm receipt of payment or account statements printed off when required. The Head Teacher must be notified immediately of any discrepancies. Monthly reconciliation should take place between receipts and invoices from providers.

8.3. Dinner Numbers Reconciliation

Where academies meet the cost of catering appropriate reconciliations must take place. The SBM or other designated staff will provide the kitchen with the daily numbers each day using the appropriate form. The weekly client recharge form from the kitchen must be cross-checked against the form for the week. Any discrepancy between the numbers provided and the number of meals taken must be investigated immediately to ensure all the children who are entitled to meals (free and paid) are taking them and that children not registered for meals are not taking them.

8.4. Free School Meals

Free School meals can only be provided if there is an entitlement.

8.5. Dinner Money Arrears

Individual pupil's arrears should not exceed 10 serving days or £20.00 (whichever is the greater) at any one time. Parents/guardians should be notified as soon as the arrears for the individual pupil are outstanding for 5 serving days.

The Headteacher and COO should discuss any arrears the appropriate action to take in order to manage debt. Arrears cannot be written off without prior approval from the Headteacher.

The Headteacher should consider whether it is appropriate to inform Social Services where parents are not providing their children with money for school meals, or some other acceptable form of food.

8.6. Music Tuition

The Finance function in each school is responsible for collecting music tuition monies each term. Tuition should be set up on the ParentPay and separately as a project within Access Dimensions. Where possible parents should be encouraged to make online payment using ParentPay or an equivalent system to reduce cash handling in the office. The print-out and banking must be cross checked and signed by the SBM / Finance Officer.

8.7. Clubs

The SBM/Finance Officer is responsible for the activity club sign-ups. Payment should be collected at the time of booking the club and all income must be recorded on Access Dimensions. The print out and banking must be cross-checked and signed by the Business Manager.

8.8. Lettings

The Business Manager / Estates Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. The invoice should be raised by the SBM or other Finance Officer and payment collected, ideally in advance except in the case of regular bookings where a trading history has been established.

8.9. Online Payments

Online secure payments should be encouraged and facilitated where possible to reduce cash handling and reconciled against Access Dimensions weekly.

8.10. Debts

No debts should be written off without the express approval of the Head Teacher/ Chief Operating Officer (the EFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

8.11. Custody

Receipts should be issued (and copies retained) for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £2,500.

8.12. Sales Ledger

Monies collected must be banked in their entirety in the appropriate bank account. The SBM or other Finance Officer is responsible for listing all local income which has been banked and recorded on Access Dimensions. The sales ledger will be reconciled against the bank account each month and certified by the Business Manager.

9. Cash Management

9.1. Bank Accounts

The opening of all accounts must be authorised by the Trust. Each Academy has 2 bank accounts - a current account and a money market account. The account signatories are:-

- Chair of Trust Board
- Chair of Audit Committee
- CEO
- Chief Operating Officer

- Headteacher
- Deputy Headteacher(s) / SBM (at Headteacher discretion)
- Chair of Local Governing Body
- Chair of Local Governing Body Finance Committee

A list of approved Bank Accounts run by the Trust is shown at Appendix A

9.2. Deposits

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.

9.3. Payments and withdrawals

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of any two of the authorised signatories. (BACs payments require the signature of someone from the Trust Central team as one of the signatories).

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 sign a cheque relating to goods or services which they have also ordered.

In addition, signatory limits as per Appendix B apply.

9.4. Administration

Bank Reconciliations are carried out by the Trust central team at least monthly. This procedure ensures that all bank accounts are reconciled to the academy's cash book.

Bank Reconciliations are reviewed by the Chief Operating Officer monthly.

9.5. Academy Debit and Credit Cards

Debit cards are available to each Academy based on their current account. Each Headteacher has a card provided to them for their use on academy business.

The debit card should only be used when cheque or BACS payments are not possible, i.e. online purchases. Receipts (including VAT receipts) must be retained and matched to the bank statement for reconciliation each month.

Credit cards are provided to the CEO and the COO, as these are attached to the main Trust current account.

Purchase Orders should be completed for all purchases made by debit/credit card, as per the procedures set out in Section 7.

The CEO will review the COO's credit card statement monthly, and the Trust Chair will review the statement of the CEO monthly.

9.6. Petty Cash Accounts

The academy maintains a maximum cash balance of £200. The cash is administered by the SBM or other Finance Officer and is kept in the Finance office / safe.

9.6.1. Payments and Withdrawals

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

9.6.2. Administration

The SBM or other Finance Officer is responsible for entering all transactions into the petty cash records on Access Dimensions on a regular basis.

9.6.3. Physical Security

Petty cash should be held in a locking cash box which is put in the safe / other secure provision overnight.

Regular (at least monthly) as well as unannounced cash counts should be undertaken by the Business Manager and/or Group Management Accountant to ensure that the cash balance reconciles to supporting documentation.

9.7. Cash Flow Forecasts

The Chief Operating Officer is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. All academies have an automatic “sweep” of their current account to the Money Market account daily to keep a balance of £5,000 in the current account. Surplus funds are then invested in a more attractive interest bearing account.

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

10. Fixed assets

10.1. Fixed Asset Register

All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered in the fixed asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from EFA grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register and Inventory 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.

10.2. Depreciation

Depreciation on assets is on a straight line basis over its expected useful economic life to its residual value as follows:-

- | | |
|----------------------------|-----------|
| • Long leasehold buildings | 2% |
| • Computer Equipment | 33% |
| • Fixtures and Equipment | 10% - 20% |
| • Minibuses | 10% |

Where in exceptional circumstances the useful economic life of an asset is deemed to differ from the prescribed policies to such an extent that it will cause a material concern with regards to substance over form, the COO may choose to vary the depreciation policy for a said asset after providing due notice to the Audit Committee.

10.3. Security of assets

Stores must be used where they exist. Equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the fixed asset register or inventory 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.

10.4. Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Head Teacher and, where significant, should be sold following competitive tender. The academy must seek the approval of the EFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not permitted in any circumstance, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, computer equipment must only be disposed of in a WEE compliant manner, and to a third party who can evidence destruction of data.

The academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the academy must repay to the EFA a proportion of the sale proceeds. All disposals of land must be agreed in advance with the Secretary of State. This should be discussed with the Chief Operating Officer.

10.5. Loan of Assets

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

Where staff are assigned equipment for their role this must be recorded in Carval against their personal record. This record must be checked when the employee leaves the employ of the organisation to ensure all equipment is returned. An annual confirmation of equipment held by the employee must be signed and returned to the Group HR Office.

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 Chief Operating Officer.

11. Storage of Records

The school will retain all documents in accordance with the Records Management Society's guidelines (<http://www.rms-gb.org.uk/resources/94.>). Financial records need to be kept for 7 years. At the end of each financial year, all records should be boxed up for secure storage - clearly listed the date for disposal. Please see Document Management & Retention Policy for further details.

12. Gifts

- Staff are not allowed to accept significant personal gifts from contractors and other suppliers
- Staff can only accept offers of hospitality if there is a genuine need to impart information or represent the school in the community. Hospitality cannot be accepted from a contractor during a tendering period.
- Any gifts made to the school (above the value of £25) must be listed in a gifts register, maintained by the SBM / Finance Officer

13. Internal Audit Provision

The Trust has appointed a suitably qualified third party to carry out internal audit work for all schools within the Trust, and the Trust itself.

The Trust believes in being fully accountable and transparent and has therefore instructed internal audit across a wide range of areas under the Trust's remit. These reports will be made available to the Audit Committee, who after review, will recommend them to the Trust Board.

It is envisaged that this is an ongoing process and a critical component of our continual self-improvement cycle. Internal audit should not be viewed as a final judgement, but rather a supporting tool to develop the quality of the work carried out by the Trust.

The Academies' Financial Handbook (EFA) states that a Trust "must have in place a process for checking its financial systems, controls, transactions and risks." The employment of an internal audit service is an example of how this can be achieved. Whilst it is up to the Audit Committee to decide what is most appropriate for the Trust's circumstances, the view of the EFA's External Assurance Manager is, "that the employment of an internal audit service [is] an example of best practice in meeting this requirement."

13.1. Logistics

The internal audit contract is split into two discrete elements, - the Trust (Board) level, and individual school level. This allow separate reports to be issued and disseminated to schools, as appropriate, as well as focussing fieldwork at audit.

The coverage identified below will be covered by the Internal Audit over the course of a two year period. Reports produced by the Internal Auditors will be submitted to the Chair of the Audit Committee and the CEO.

13.2. Coverage at Trust Board level

The following areas of internal audit have been contracted for:

- Governance - Risk & Policies
- Risk Management
- Treasury Management / Investment Strategy
- Budgetary Planning
- Budgetary control, monitoring and reporting
- "Critical Friend" challenge to individual schools and local governing bodies
- Business Continuity
- Disaster Recovery

13.3. Coverage at individual school level

The following areas of internal audit have been contracted for:

- Governance – Effectiveness of the Local Governing Body
- Governance – Policies & Procedures
- Governance – Compliance with Rules and Regulations
- Risk Management
- Business Continuity
- Data Protection
- Main Accounting / Financial Information system
- Debtors/Receivables
- Creditors/Payables
- Ordering and Payment procedures
- BACS Payment
- Debit / Credit Cards
- Petty Cash
- Income Generation / Receipts and banking
- Procurement / Value for Money

14. Other Finance Policies

Separate policies exist, and are addendums to these Regulations.

- Anti - Fraud policy
- Whistleblowing
- Complaints
- Expenses (staff)
- Academy Due Diligence
- Audit Committee Terms of Reference
- Scheme of Delegation - LGBs
- Scheme of Delegation - Executive Team
- Investment & Treasury Policy
- Senior Remuneration Policy

15. Log of Changes to Document

Date	Page	Change	Who:
Feb 16	Original document		

Approved by Board TBC

Review Date: 12 months

16. Appendix A - Bank Account Details

To be completed

Account Name	Sort Code	Account Number	Approved Date

17. Appendix B - Signatory Limits

18. Appendix C - Accounting Officer Due Diligence

Objective	Activity	Autumn	Spring	Summer
Management Accounts	Presented to Directors, discussed with the Chief Operating Officer prior to Audit Committee			
Bank Statements	A sample review of bank statements / ensuring only transactions belonging to MET are incorporated			
Internal Audit	Internal auditor, with accounting expertise and experience of audit, reviews accounts and recommends any changes/improvements to practice and highlights any concerns to the Accounting Officer			
Year End Accounts	Presented to Board and Directors Attendance at Audit Clearance meeting with Director from Auditors			
Budget Review / Monitoring	Monthly meetings with Chief Operating Officer to discuss Strategic Vision for school and financial impact			
VFM Analysis	Review of management accounts Discussion with Chief Operating Officer Discussion with Auditors			
Regularity Review	Review of LGB minutes Meetings with Heads Meeting with Chief Operating Officer Discussions with auditors			
Discussed and Reviewed:				
<ul style="list-style-type: none"> - Financial Regulations - Policies - Academies Financial Handbook - Academies Accounts Direction - VFM Guide 				

Chief Executive Officer

Chief Operating Officer