



**MOWBRAY**  
Education Trust

# Financial Regulations

July 2022

Document Type	Available to all staff
Last Revision Date	June 2022
Next Revision Date	June 2023
Owner	Chief Finance Officer
Author	Chief Finance Officer
Version	1.0
Status	Approved at Audit, Finance and Risk Committee (June 2022)

# Contents

1. Introduction	5
1. Register of Interests	6
2. Accounting system	7
2.1. System Access	7
2.2. Back-up Procedures	7
2.3. Transaction Processing	7
2.4. Transaction Reports	7
2.5. Reconciliations	8
3. Financial planning	9
3.1. Development Plan	9
3.2. Annual Budget	10
3.3. Budget format	11
3.4. Budget preparation timeline	11
3.5. Balancing the Budget	11
3.6. Contingency Requirement	11
3.7. Finalising the Budget	12
3.8. Monitoring and Review	12
4. Reserves Policy	13
5. Treasury & Investment Policy	14
6. Payroll	15
6.1. Staff Appointments	15
6.2. Payroll Administration	15
6.3. Payments	16
7. Purchasing	17

7.1.	Purchasing	17
7.1.1.	Orders over £3,000 but less than £10,000	18
7.1.1.	Orders between £10,000 and £30,000	18
7.1.2.	Orders over £30,000	18
7.2.	Forms of Tenders	18
8.	Income	22
8.1.	Trips	22
8.2.	Catering Income	22
8.3.	Dinner Numbers Reconciliation	23
8.4.	Free School Meals	23
8.5.	Dinner Money Arrears	23
8.6.	Music Tuition	24
8.7.	Clubs	24
8.8.	Lettings	24
8.9.	Online Payments	24
8.10.	Debts	24
8.11.	Custody	24
8.12.	Sales Ledger	25
9.	Cash Management	26
9.1.	Bank Accounts	26
9.2.	Deposits	26
9.3.	Payments and withdrawals	26
9.4.	Administration	26
9.5.	Academy Debit and Credit Cards	27
9.6.	Petty Cash Accounts	27

9.7.	Cash Flow Forecasts	28
10.	Fixed assets	29
10.1.	Fixed Asset Register	29
10.2.	Depreciation	29
10.3.	Security of assets	30
10.4.	Disposals	30
10.5.	Loan of Assets	31
11.	Storage of Records	32
12.	Gifts	33
13.	Internal Audit Provision	34
13.1.	Logistics	34
13.2.	Coverage at Trust Board level	34
13.3.	Coverage at individual school level	35
14.	Other Policies	36
15.	Log of Changes to Document	37

# 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 and Skills Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the Academies Financial Handbook published by the ESFA. This manual expands on that and provides detailed information on the academy's accounting procedures and systems 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 PS Financials. The Finance system consists of a package of software including:

- PS Financials
  - Accounts software
  - Document Manager
  - PS Purchasing
  - PS Budgeting
  - Office Integration

### 2.1. System Access

Entry to PS Financials is password restricted. Access to the component parts of the system can also be restricted and the Chief Financial 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 systems we are responsible for. Incremental updates are backed up each night in two separate buildings and every week there is a full backup of all data.

The Chief Financial Officer should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Trustees 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 Financial 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 Financial 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 Financial Officer will review and sign all reconciliations as evidence of this review.

## 3. Financial planning

The MET 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 Chief Executive Officer (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 CEO.

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 Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the MET Audit Committee before being submitted to the MET Board.

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

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 ESFA 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

Budgets are created centrally by the Central Finance Team.

### 3.4. Budget preparation timeline

End of April	Indicative budgets are developed for coming Sept-August year with Headteachers
End of May	Consolidated budget prepared and approved by CEO
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 GAG income, unless otherwise agreed as part of a growth strategy where lower amounts can be approved for incoming schools. 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 Chief Financial Officer/Headteacher in each academy for approval by the CEO, the Audit 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 Financial 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 Chief Financial Officer. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Audit Committee. The Chair of Trustees will review the Management Accounts monthly. Any potential overspend against the budget must in the first instance be discussed with the Headteacher.

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 Trustees. It is the Trustees' 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 Trustees' 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 Trustees 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 Trustees 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 Trustees when reviewing applications for use of reserves.

At all times the Trustees 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 Trustees 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 Headteacher in conjunction with the CEO and Central Team approves a staffing structure for each academy. Changes can only be made to this structure with the approval of the Central Team who must ensure that adequate budgetary provision exists for the proposed changes.

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

The HR Department must keep the personnel records within the Single Central Record up to date in a timely manner.

### 6.2. Payroll Administration

The academy payroll is being processed by an outsourced consultancy company trading as Dataplan. Master personnel records are held on SIMS and by Dataplan, 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 packages contains:-

- 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 HR Department and must be authorised by the Head Teacher, CEO, COO or CFO before being submitted to the payroll provider.

New staff can only be added to the payroll with the express authorisation of the Head Teacher in conjunction with the CEO. New staff must complete all relevant payroll documents issued by the school office or HR department. 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 HR Department 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 HR Department for checking and coding within the timeframes decided upon by the Trust in order to process for payroll. All overtime 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 HR Department. 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 HR Department and the Head Teacher, CEO, COO or CFO. 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 childcare 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 HR Department 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 SIMS.

## 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 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. Budget holders can check their budget balance through their PSF logons.

In the first instance a supplier should be chosen from the list of approved suppliers maintained within PSF. 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 completed on a new supplier form and passed to the central Finance team 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 number raised in PS Financials.

The Administrator responsible for purchasing within the school 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 this should be recorded in PS Financials. Any discrepancies between the goods delivered and the GRN 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, this should be updated in PS Financials. The Central Finance Team will keep a central record of all goods returned to suppliers.

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

The budget holder will receive the invoice via PS Financials 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.

Use of the Debit Card does not negate the requirement to obtain approval for such spend i.e. via the PO process, it is merely a method of payment.

### **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 PurchaseOrder.

### **7.1.1. Orders between £10,000 and £30,000**

At least three written quotations should be obtained for all orders between £10,000 and £30,000 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 are required to be approved by the MET Audit Committee.

### **7.1.2. Orders over £30,000**

All goods/services ordered with a value over £30,000, or for a series of contracts which in total exceed £30,000 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 MET 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 Operations Manager 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 £30,000 - either the CEO, CFO, HR & Operations Director, the Head Teacher or 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
- CFO
- Chair of Board
- Member of Audit Committee
- Headteacher

Where tenders are above the value of £30,000, the process must include someone from the Audit Committee.

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 a report should be prepared for the Audit Committee highlighting the relevant issues and recommending a decision. 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. 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 ESFA and from sponsors (if applicable). The receipt of these sums is monitored directly by the Central Finance Team 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 the electronic payment 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 School Administrator 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 the electronic payment system on demand.

### 8.2. Catering Income

Parents should be encouraged to pay dinner money half termly in advance using the electronic payment 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 school administrator 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 servingdays.

The Headteacher and CFO 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 School Administrator in each school is responsible for collecting music tuition monies each term. Tuition should be set up on the electronic payment system and separately as a project within PS Financials. Where possible parents should be encouraged to make online payment using the electronic payment system to reduce cash handling in the office. The print-out and banking must be cross checked and signed by the School Administrator.

## **8.7. Clubs**

The School Administrator 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 PS Financials. The print out and banking must be cross-checked and signed by the School Administrator.

## **8.8. Lettings**

The Lettings Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. School Hire is the system used to log bookings and monthly invoices are received which are entered in the finance system gross of commission and the commission logged separately as a cost.

## **8.9. Online Payments**

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

## **8.10. Debts**

No debts should be written off without the express approval of the Head Teacher/ Chief Financial Officer (the ESFA'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 half termly or more frequently if the sums collected exceed £2,500.

## **8.12. Sales Ledger**

Monies collected must be banked in their entirety in the appropriate bank account. The School Administrator or other Finance Officer is responsible for listing all local income which has been banked and recorded on PS Financials. The sales ledger will be reconciled against the bank account each month and certified by the Central Finance Team.

## 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
- COO
- Chief Financial Officer
- Headteacher
- Deputy Headteacher(s) (at Headteacher discretion)

### 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.

### 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 prepared by the central team Finance Officers and reviewed by the Chief Financial 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.

Debit cards are also provided to the CEO and the CFO.

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

The CEO will review the CFO's debit card transactions monthly, and the Trust Chair will review the transactions of the CEO monthly.

No credit cards should be linked to any of the Trust bank accounts.

## 9.6. Petty Cash Accounts

Each academy may maintain a maximum cash balance of £200. The cash is administered by the School Administrator or other Finance Officer and is kept in the School 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 Central Finance Team are responsible for entering all transactions into the petty cash records on PS Financials 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 Central Finance Team to ensure that the cash balance reconciles to supporting documentation.

## 9.7. Cash Flow Forecasts

The Chief Financial 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 ESFA 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 CFO 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 ESFA 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 ESFA 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 Financial 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 SIMS against their personal record. This record must be checked when the employee leaves the employment 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 Financial Officer.

## 11. Storage of Records

The school will retain all documents in accordance with our Data Retention Policy and Guidelines. 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 listing the date for disposal.

## 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 Central Finance team.

## 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' Handbook (ESFA) 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 ESFA'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 allows 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 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

<b>Date</b>	<b>Page</b>	<b>Change</b>	<b>Who:</b>
Feb 16	Original document		
Jul 19	Throughout	Access changed to PS Financials	SC
Jul 19	Throughout	Chief Operating Officer changed to Chief Financial Officer or Operations Manager	SC
Jul 19	Throughout	Group Management Accountant changed to Chief Financial Officer	SC
Jul 19	Throughout	EFA changed to ESFA	SC
Jul 19	Throughout	Parent Pay to the electronic payment system	SC
Jul 19	Throughout	School Business Manager changed to School Administrator of Central Finance Officer	SC
Jul 19	7	'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.' Changed to 'Incremental updates are backed up each night in two separate buildings and every week there is a full backup of all data.'	SC
Jul 19	10	'The Headteacher in each academy is responsible for preparing and obtaining approval for the annual budget.' Changed to 'The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget.'	SC
Jul 19	11	'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.' Changed to 'Budgets are created centrally by the Central Finance Team using PS Budgeting.'	SC

Jul 19	12	Added 'The Chair of Trustees will review the Management Accounts monthly.'	SC
Jul 19	15	'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.' Changed to 'The Headteacher in conjunction with the CEO and Central Team approves a staffing structure for each academy. Changes can only be made to this structure with the approval of the Central Team who must ensure that adequate budgetary provision exists for the proposed changes.'	SC
Jul 19	15	Payroll section - School Business Manager changed to HR Department	SC
Jul 19	15-16	HR Software changed from Carval to SIMS	SC
Jul 19	16	Payroll approvers extended to include CEO, CFO or Group Operations Manager, previously was just the Headteacher.	SC
Jul 19	17	Focalpoint changed to PS Financials	SC
Jul 19	18	Finance committee of local governing body changed to MET Audit committee	SC
Jul 19	18	'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.' Changed to 'At least three written quotations should be obtained for all orders between £10,000 and £30,000 to identify the best source of the goods/services.'	SC
Jul 19	18	'All goods/services ordered with a value over £20,000, or for a series of contracts which in	SC

		total exceed £20,000 must be subject to formal tendering procedures.' Changed to 'All goods/services ordered with a value over £30,000, or for a series of contracts which in total exceed £30,000 must be subject to formal tendering procedures.'	
Jul 19	20	'Two persons should be present for the opening of tenders as follows:  For contracts over £20,000 - either the CFO or the Head Teacher plus a member of the Audit Committee.' Changed to 'Two persons should be present for the opening of tenders as follows:  For contracts over £30,000 - either the CEO, CFO, Operations Manager, the Head Teacher or a member of the Audit Committee.'	SC
Jul 19	20	Operations Manager added to list of people who can carry out tendering evaluation process.	SC
Jul 19	22	School Business Manager changed to Central Finance Team	SC
Jul 19	25	Banking frequency changed from weekly to half termly	SC
Jul 19	27	'Credit cards are provided to the CEO and the COO, as these are attached to the main Trust current account.' Changed to debit card as credit cards are no longer used.	SC
Jul 19	27	Added 'No credit cards should be linked to any of the Trust bank accounts.'	SC
Jul 19	32	Data retention updated to refer to the Trust Data Retention Policy	SC
Jun 20	Throughout	Change Group Operations Manager to HR & Operations Director	SC

Jun 21	Throughout	Minor typos	CFO
Jun22	Throughout	<p>Updated Job Titles</p> <p>Emhasise use of debit card still required PO approval in Section 7</p> <p>Updated name of Academies Handbook from Academies Financial Handbook</p> <p>Removal of Appendix A (Accounting Officer Due Diligence Form) as this was not referred to in the main policy and is superseded by external internal audit services and reviews by the CFO and COO.</p> <p>Budgeting in PS Budgeting removed as this is not the system used to create the budgets.</p> <p>Section 8.8 updated to Lettings Manager and School Hire system referred to as opposed to creating separate manual invoices.</p>	CFO

Approved by Board

22<sup>nd</sup> June 22 Review

Date:

12 month