

Embark Federation

Financial Regulations

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1. Introduction

- 1.1 The purpose of these regulations is to ensure that the Trust maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 1.2 The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. These regulations expand on that and provide detailed information on the Trust's procedures and should be read by all staff involved with financial systems.

2 Organisation

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

The Directors

- 2.2 The Directors (who have duties as Directors under company law and duties as trustees under charity law) have overall responsibility for the administration of the Trust's finances. The main responsibilities of the Directors are prescribed in the Funding Agreement between the Trust and the DfE and in the Trust's Scheme of Governance. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring economy, efficiency and effectiveness in the use of funds;
- approval of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- authorising expenditure against capital grants;
- ensuring the annual audited accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
- authorising changes to the Trust's approved staffing structure;
- appointment of the Chief Executive Officer
- appointment of the Business Director, in conjunction with the Chief Executive Officer, and
- reviewing the reports of the Internal Auditor/Responsible Officer on the effectiveness of the financial procedures and controls.

The Local Governing Body (of each school)

- 2.3 The local governing body meets at least once a term but more frequent meetings can be arranged if necessary.
- 2.4 The main responsibilities of the local governing body include:
- the initial review of the annual budget for the specific school and recommendation to the Trust Board;
 - the regular monitoring (at least termly) of actual expenditure and income against budget

for the specific school;

- reviewing the reports of the Internal Auditor/Responsible Officer on the effectiveness of the financial procedures and controls for the specific school.

The Chief Executive Officer (Accounting Officer)

2.5 Within the framework of the Trust's corporate plan as approved by the Trust Board, the Chief Executive Officer has overall executive responsibility for the Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Business Director but the Chief Executive Officer still retains responsibility for:

- human resource issues as delegated by the Board;
- authorising contracts in accordance with the scheme of delegation;
- signing cheques and BAC's in conjunction with the Business Director or other authorised signatory in accordance with the Scheme of Delegation;
- assuring the Board of Trustees that there is compliance with the Academies Financial Handbook, the funding agreement and all relevant aspects of company and charitable law.

The Principal Finance Officer (Outsourced capacity currently)

2.6 The Principal Finance Officer works in close collaboration with the Chief Executive Officer through whom (s)he is responsible to the Trust Board. The main responsibilities of the Principal Finance Officer are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Trust Board;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each school within the Trust;
- the preparation and monitoring of the budget;
- the preparation of monthly management accounts;
- signing cheques in conjunction with the Chief Executive Officer or other authorised signatory and
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

Internal Audit and the Responsible Officer

2.7 The Trust will put in place a process for independent checking of financial controls, systems, transactions and risks. The ESFA's expectations are that a multi-academy trust must have a dedicated audit committee, Embark Federation (Trust) has a Finance, Audit and Risk Committee in place. This committee will review the risks to internal financial control and agree a programme of work that will address these risks. The management of the programme of risks will be undertaken via a combination of:

- the work of an internal audit service;
- the performance of a supplementary programme of work by the Trust's external auditors;
- the work of a responsible officer

- 2.8 A regular programme of reviews will be undertaken to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust Board. A report of the findings from each review will be presented to the Trust Board.

Other Staff

- 2.9 Other members of staff, primarily based in the schools, including the School Bursar and budget holders (this is the person responsible for authorising spend, this could be the headteacher or any other member of staff charged with managing a specific element of the budget or a project), will have some financial responsibilities and these are detailed in the following sections of these regulations. All staff have responsibility for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial regulations.

Register of Interests

- 2.10 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Members, Directors, 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 Trust may purchase goods or services. There are restrictions on transactions that may occur between the Trust and Members, Directors, Governors and staff are those connected to them. Advice should be sought from the Principal Finance Officer before entering into any such transactions. The register will be formally updated on an annual basis, with a requirement to update where significant changes in circumstances change during the year. The register is open to public inspection.
- 2.11 The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a trustee, governor or a member of staff by that person.
- 2.12 The existence of a register of business interests does not, of course, detract from the duties of trustees and staff to declare interests whenever they are relevant to matters being discussed by the Trust Board. Where an interest has been declared, trustees and staff should not attend that part of any meeting.
- 2.13 All staff must familiarise themselves with the Anti-Fraud, Bribery and Corruption Policy. Where staff suspect that fraud may be taking place then they should follow the guidance in the policy and report this.
- 2.14 Any gifts or hospitality must be recorded in line with the Trusts Gifts and Hospitality Policy and appropriately disclosed.

3 Accounting system

- 3.1 All the financial transactions of the school must be recorded on the SAGE accounting system in accordance with agreed procedures that will be updated from time to time

System Access

- 3.2 Entry to the accounting system is password restricted and the Principal Finance Officer is responsible for setting access levels for all members of staff using the system. All staff must ensure that passwords are kept secure and not divulged to anyone.

Back-up Procedures

- 3.3 The Principal Finance Officer is responsible for ensuring that there are effective back up procedures for the system. The accounting system is hosted in the cloud and is constantly backed up by the third party provider.
- 3.4 The Principal Finance Officer should also prepare a disaster recovery plan taking into account the requirement of the Business Continuity Plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by the Trust Board of the major risks to which the Trust is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

- 3.5 All transactions input to the accounting system must be authorised in accordance with these Financial Regulations. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in these Financial Regulations. All journal entries must be documented on the appropriate journal form and authorised by the delegated individual prior to being input to the accounting system. Bank transactions should be input, checked, and signed to evidence this check, by the relevant School Bursar. This last check will be part of the regular bank reconciliations that are carried out.
- 3.6 Detailed information on the operation of the Finance system can be found in the online user manuals.

Reconciliations

- 3.7 The School Bursar is responsible for ensuring the following reconciliations are performed each month (support and guidance will be provided by the Principal Finance Officer), and that any reconciling or balancing amounts are cleared in an appropriate manner:
- sales ledger control account;
 - purchase ledger control account;
 - payroll control account;
 - VAT control account;

- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.

3.8 Any unusual or long outstanding reconciling items, or any old or negative purchase or sales ledger balances must be brought to the attention of the Principal Finance Officer. The relevant School Bursar will review and sign all reconciliations as evidence of his or her review and this will be reviewed by the Principal Finance Officer on a quarterly basis.

4 Financial planning

- 4.1 The Trust and each School will prepare both medium term and short-term financial plans in accordance with a timetable that will be issued by the Principal Finance Officer on an annual basis.
- 4.2 The medium term financial plan is prepared as part of the strategic planning process. The development plan indicates how the Trust's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 4.3 The strategic plan provides the framework for the annual budget. The annual budget is a detailed statement of the expected resources available to the Trust and the planned use of those resources for the following year.
- 4.4 The strategic planning process and the budgetary process are described in more detail below.

School Improvement Plan (for each school)

- 4.5 The School Improvement plan is concerned with the future aims and objectives of each school and how they are to be achieved; that includes matching each school's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.
- 4.6 The form and content of the Improvement plan are matters for the Trust Board to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.
- 4.7 Each year the Chief Executive officer will propose a planning cycle and timetable to the Trust 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?"
- 4.8 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.

- 4.9 The completed School Improvement 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.
- 4.10 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a manager within each school. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the Senior Leadership Team on a quarterly basis. The Senior Leadership Team will report to the Local Governing Body and Trust Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Revenue Budget

- 4.11 The Headteacher is responsible for preparing and obtaining approval for the annual budget. The budget for each school must be approved by the Trust Board following agreement by the relevant local governing body.
- 4.12 The approved budget must be submitted to the Education and Skills Funding Agency by the required date and the Principal Finance Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.13 The annual budget will reflect the best estimate of the resources available to the school 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.
- 4.14 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
 - review of other income sources available to assess likely level of receipts;
 - review of past performance against budgets to promote an understanding of the 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.
 - Review of the main expenditure headings in light of utilising grants / donations for their intended purposes.
 - Plan for levels of reserves in accordance with the parameters of the Trust's Reserves Policy or develop a recovery plan for approval by the Trust Board where an anticipated deficit cannot be avoided due to exceptional / extraordinary circumstances.

Balancing the Budget

- 4.15 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding in year. If shortfalls are identified, which are not as a result of one-off use of surplus balances brought forward, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where savings can be made. This may entail prioritising tasks and deferring projects until more funding is available. The Trust and individual schools should also benchmark areas of income and expenditure with comparable schools to determine if any areas of significant difference emerge. Plans and budgets will need

to be revised until recurring levels of income and expenditure are in balance. If a potential surplus is identified, this may contribute to the levels of surplus in accordance with the parameters of the Trust's Reserves Policy as an aid to medium term planning.

Finalising the Budget

- 4.16 Once the different options and scenarios have been considered, an individual school budget should be drafted by each School Bursar and Headteacher for approval by the Trust Board following agreement by the appropriate local governing body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 4.17 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.

Monitoring and Review

- 4.18 Monthly reports will be prepared by the School Bursar and presented to the Headteacher. The reports will detail actual income and expenditure against budget for budget holders and at a summary level with be prepared for members of the Finance and Audit Committee.
- 4.19 Any potential in year overspend against the budget must in the first instance be discussed with the Headteacher. Orders which create an overspend on a budget will only be approved with the prior approval of the Headteacher and School Bursar.
- 4.20 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 manage this through planning to underspend on another budget.
- 4.21 If the monitoring process identifies an overspending during the year which would result in an unplanned deficit position within the year this should be reported at the earliest opportunity to the Principal Finance Officer with a proposed recovery plan.
- 4.22 In reviewing the transactions from the financial system, the School Bursar should report any unusual transactions that may indicate the improper use of the Trusts funds. These need to be reported to the Headteacher in the first instance or CEO if this is not appropriate.

Annual Capital Budget

- 4.23 The principles identified for effective revenue budgeting will also be applied for capital budgeting, and further guidance is available in the detailed ESFA's Condition Improvement Fund (CIF) guidance.

Payroll

5.1 The main elements of the payroll system are:

- staff appointments;
- terminations;
- superannuation deductions;
- national insurance and tax deductions;
- payroll administration and
- payments.

Staff Appointments

5.2 The CEO will approve the appointment of all headteacher and head of school posts across the Trust, other leadership spine posts will be approved by the CEO with the Headteacher. All other appointments in the School are delegated to the local governing body and Headteacher subject to agreement with the CEO, with any changes to the structure being affordable within the budget plan.

5.3 The Chief Executive Officer has the authority to appoint staff within the central Trust Functions subject to appointments or changes to structure being affordable within the budget plan.

5.4 The Principal Finance Officer shall ensure that personnel files are maintained for all members of staff which include contracts of employment.

Payroll Administration

5.5 Staff contract information and personal details are recorded in RM Integrus and the individual's personnel file. Contract information is sent electronically to the Trust's HR and payroll provider and a signed copy of the changes is kept in school. Bank account details and tax information for new staff are sent to the Trust's payroll provider using a secure method.

5.6 Payroll production requires each School to comply with the necessary deadlines for the production of both the support staff payroll and the teachers' payroll. Data input to the payroll system should be undertaken by School Bursars in accordance with the timetable. Before the payroll is processed a print of all data input should be obtained and this should be checked against source documentation including details of any changes to gross pay by the School Bursar and then reviewed and initialled by the Headteacher.

Payments

5.7 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 should be obtained from the system and reviewed for accuracy

5.8 All salary payments are usually made by BACS but in exceptional circumstances cheques will be issued following confirmation of the amount from the School Bursar.

- 5.9 The School Bursars should ensure suitable arrangements are in place to reconcile the current month's pay to HCSS showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Headteacher to evidence that the checks have been completed and any variances highlighted.
- 5.10 The payroll provider automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print. Payments to the deducting organisations are made by BACS payment.
- 5.11 The payment of extra contractual payments must be agreed and authorised by the Chief Executive Officer.
- 5.12 The School Bursar should select one employee at random each month and check the calculation of pay against HCSS to ensure that pay is at the correct rates.
- 5.13 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The School Bursar must review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
- 5.14 On an annual basis the Principal Finance Officer must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment (adjusted to reflect current rates) held on the personnel file in the HR/Payroll Team office.
- 5.15 Any contract for the services of a Payroll Service Provider will be reviewed regularly to ensure that the Trust is getting value for money and that the provider is giving adequate service.
- 5.16 All deductions from pay are managed by DCC Payroll on the Trust's behalf and paid over to the relevant receiving bodies in the required timescales.
- 5.17 All year end returns for PAYE and NI will be submitted by the Trusts Payroll Provider to HMRC in the required timescales. Should an overpayment of salaries arise this will be recovered from the employee through the payroll system on an agreed timescale. Where the employee has since left the organisation this will be recovered by invoice.

6 Purchasing

It is a requirement of the trust that all purchases are supported by a purchase order and best value is considered. Orders over £5,000, should be approved by the CEO.

6.1 The Trust wants to achieve the best value for money from all purchases. This means getting what is required in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

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

Expenses

6.2 Employees and Trustees are able to claim for incidental costs incurred in the normal course of their employment and duties, such as claiming mileage to attend a work related meeting off site will be reimbursed through the expenses process. Please see expenses policy for further information.

Routine Purchasing

6.3 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder either each month or as requested by the budget holders for small budget headings.

6.4 Routine purchases up to £5,000 can be ordered by budget holders. In the first instance a supplier should be chosen where possible from the list of preferred suppliers to be developed and maintained by the Trust. These suppliers will have already been subject to a procurement process to ensure value for money is obtained.

A quote or price must always be obtained before any order is placed in accordance with the Trust's Purchasing Procedures. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the preferred supplier list the reasons for this decision must be documented.

6.5 All orders must be made, or confirmed, in writing using an official form. Orders must bear the signature of the budget holder and must be forwarded to the School Bursar who will check to ensure adequate budgetary provision exists.

Orders over £5,000 but less than £49,999

- 6.6 At least three written quotations should be obtained where possible for all orders between £5,000 and £50,000 to identify the best source of the goods/services. Orders over £50,000 but less than £100,000 should also be supported by an informal tendering process. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes.

Orders over £100,000

- 6.7 All goods/services ordered with a value over £100,000, or for a series of contracts which in total exceed £100,000 must be subject to formal tendering procedures and made in accordance with the Trust's Purchasing Procedures. Purchases over certain levels may fall under EU procurement rules which require advertising in the Official Journal of the European Union. The thresholds effective from January 2018 are **£181,302** for supplies and services.

Forms of Tenders

- 6.8 There are four types of EU tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.
- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the School Bursar how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
 - **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
 - **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.
 - **Competitive dialogue procedure**
 - This is designed to cope with particularly complex projects. Following a PQQ, the public body discusses the form of contract and the technical specifications of the project with at least three potential bidders before issuing the tender documents.

Advice should be sought from the Principal Finance Officer as soon as it becomes apparent that an EU form of tender is required to ensure that the relevant timeframes can be met.

Preparation for Tender

6.9 Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.
- evaluation criteria

6.10 It is essential that tender requirements are ranked (e.g. mandatory, desirable and additional) and marks are awarded to the supplier's tender submission on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

6.11 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 would be issued in response once the pre-qualification criteria has been assessed.

6.12 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.
- Evaluation criteria

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.

Technical/Suitability

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

Other Considerations

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

Tender Acceptance Procedures

- 6.13 The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. 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 the Trust prior to tender opening. Opening of any tenders received after the submission deadline are to be approved by The Principal Finance Officer.

Tender Opening Procedures

- 6.14 All tenders submitted should be opened at the same time and the tender details should be recorded. Tenders are to be opened by the member of staff who has instigated the tender along with a member of the finance team independent from the tender process.
- 6.15 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

- 6.16 The evaluation process should involve at least two appropriate people to ensure there is a separation of duties. 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.
- 6.17 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.
- 6.18 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Trust Board highlighting the relevant issues and recommending a decision. Reports are to be sent to the Group Accountant ready for the next Board meeting.
- 6.19 The approval of a contract/purchase order resulting from a tender will be in accordance with the Scheme of Delegation.
- 6.20 Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

- 6.21 The accepted tender should be the one that can be demonstrated as being the most economically advantageous to the Trust. The relevant member of staff who will approve the resulting contract or purchase order must be comfortable with the tender process and the decision taken. All suppliers should then be informed of the decision providing feedback where required

Goods Received and Invoicing

- 6.22 The Trust will define on all purchase orders the appropriate arrangements for the delivery of goods to the school. On receipt, a detailed check of the goods received against the goods received note (GRN) and the purchase order will be undertaken and a record made of any discrepancies between the goods delivered and the GRN and purchase order. Discrepancies should be discussed with the supplier of the goods without delay.
- 6.23 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the School Bursar should be notified. The School Bursar will keep a central record of all goods returned to suppliers and will ensure that a credit note is secured to recover the money owed to the school.
- 6.24 All invoices should be sent to the School Bursar. The School Bursar will stamp invoices with a grid to record the receipt of goods, the budget code and approval signatures. The budget holder will certify that the goods have been received and that the invoice is authorised for payment. Before signing the invoice, the budget holder must make a detailed check against the order and the GRN. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
- 6.25 If a budget holder is pursuing a query with a supplier, the School Bursar must be informed of the query and periodically kept up to date with progress to ensure that money owed to the school is collected promptly.
- 6.26 At the end of every week the School Bursar will produce a list of outstanding invoices from the purchase ledger to determine which invoices should be paid to ensure that supplier payment terms are met.
- 6.27 The School Bursar will then make arrangements for the generation of cheque/BACS runs required. The cheques/BACS and associated paperwork must be authorised by two of the nominated cheque/BACS signatories.
- 6.28 If any purchases are made outside the documented process then the budget holder must provide to the School Bursar written justification which is counter signed by the Headteacher. A record of all exception transactions will be kept by the School Bursar for review by the Principal Finance Officer or internal/external audit.

Purchase Cards / Commercial Cards / Credit Cards

- 6.29 Purchase/Commercial /Credit Cards are not considered to infringe the borrowing restrictions imposed on academies, providing any balance is cleared in full at the end of each month.

- 6.30 The relevant School Bursar will be appointed to administer the signing in and out of cards and will maintain a list of those staff members who are authorised signatories.
- 6.31 A direct debit will be set up between the bank and charge card provider to clear the monthly balance in full.
- 6.32 All purchases made using a card must be authorised in the same way as any other purchase with an official order being raised and a commitment entered on to the accounting system prior to the purchase being made. Purchase order numbers should be quoted on any charge card purchase.
- 6.33 Purchase receipts will be returned from card users to the School Bursar as soon as is practically possible, and they will reconcile receipts on a monthly basis against the statements and subsequently against the bank direct debit charge.
- 6.34 When not on loan to staff members all cards will be kept in the school safe.
- a. A record of the authorised card holders will be maintained by the School Bursar.
- 6.36 Company credit cards are not to be used for personal expenditure under any circumstances.

7 Income

- 7.1 The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored directly by the School Bursar who is responsible for ensuring that all grants due to the Trust are collected.
- 7.2 The Trust also obtains income from:
- Pupils, mainly for catering, trips and music tuition, using an electronic parent billing system to reduce cash transactions and administrative support; Parent Pay
 - The public, mainly for lettings, use of facilities, school events
- 7.3 Where required, invoices will be issued. Due regard must be given to ensure that VAT is accounted for appropriately. The School Bursar is responsible for issuing invoices.
- 7.4 The relevant School Bursar shall ensure that all invoices are properly accounted for and that all monies due to the school have been collected. A list of debtors will be produced and reviewed by the School Business Manager clearly showing the action taken to recover any overdue debts.
- 7.5 All income received should be recorded immediately on a daily collection record and entered on to the financial accounting system.

Custody

- 7.6 Official receipts should be completed for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to

banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Office safe.

- 7.7 Payments must not be made out of monies collected. Monies collected must be banked in their entirety in the appropriate bank account. The School Bursar is responsible for ensuring that receipts for income; paying in slips and associated receipts are filed together with a printout from SAGE showing the amount banked. Two members of staff are to be involved in this process.

8 Cash Management

Bank Accounts

- 8.1 The opening of all accounts must be authorised by the Trust Board. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control. Consideration will be given to closing the school private school fund bank accounts.

Deposits

- 8.2 Particulars of any deposit must be entered on the paying-in slip and the counterfoil. The details should include:
- the amount of the deposit and
 - a reference, such as the number of the receipt.

Payments and withdrawals

- 8.3 All cheques and other instruments authorising withdrawal from Trust and school bank accounts must bear the signatures of two of the authorised signatories. Payments above £20,000 must be signed off by either the CEO or Principal Finance Officer.
- 8.4 This provision applies to all accounts, public or private, operated by or on behalf of the Trust Board. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

- 8.5 The School Bursar must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the school's cash books;
 - reconciliations are prepared by the School Bursar
 - reconciliations are subject to an independent monthly review carried out
 - adjustments arising are clearly justified and dealt with promptly.

Petty Cash Accounts

- 8.6 The Trust maintains a maximum cash balance of £150 at each school. The cash is administered by the School Bursar or a delegated officer and is kept in the Finance office safe. The only deposits to petty cash should be from cheques cashed specifically for the purpose or cash withdrawn from a cash machine with the debit card. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

- 8.7 Expenditure paid through petty cash should not exceed £50 on any one item. Higher value payments should be made by BACS directly from the main bank account as a cash book payment. Requests for petty cash amounts above this limit must be authorised by the Headteacher in advance.
- 8.8 All purchases made through petty cash, should be pre-authorised by the Budget Holder or School Bursar or Headteacher.
- 8.9 The School Bursar is responsible for ensuring the prompt entry of transactions on to the accounting system. The School Bursar will be responsible for the monthly reconciliation of petty cash.
- 8.10 The School Bursar is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the School Bursar to ensure that the cash balance reconciles to supporting documentation.
- 8.11 Petty cash should be held in a locking cash box which is put in the safe overnight.

Cash Flow Forecasts

- 8.12 The School Bursar is responsible for preparing cash flow forecasts to ensure that the School has sufficient funds available to pay for day to day operations. Any potential for the School to become overdrawn should be notified to the Principal Finance Officer at the earliest opportunity for remedial action to be put into place.

Investments

- 8.13 Investments must be made only in accordance with written procedures approved by the Trust Board and will under the control of the Principal Finance Officer. Consideration should be given to the Charity Commission's guidance on investment of charitable funds (CC14) when making investments.
- 8.14 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Leases

- 8.15 Any lease arrangement must comply with the Academies Handbook and the Trusts Scheme of Delegation. All lease agreements must be authorised by the Principal Finance Officer in advance of any commitment being made.

9 Fixed assets and Inventory

Asset register (Capitalisation)

- 9.1 All items purchased with a value over the Trust's capitalisation limit of £5,000 must be entered in an asset register. The asset register can also be used to record those highly portable and desirable items purchased and held in school. The asset register should include the following information:

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

9.2 The Asset Register helps:

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

Security of assets

9.3 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff delegated by the Headteacher may access the stores.:

9.4 All the items in the asset register should be permanently and visibly marked as the Trust'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 Trust Board. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

Disposals

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following competitive tender.

9.6 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

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

- 9.8 All disposals of land must be discussed and agreed by the Board and then in advance with the Secretary of State.

Loan of Assets

- 9.9 Items of Trust property must not be removed from Trust premises without the authority of the Headteacher or School Bursar. A record of the loan must be recorded in a loan book and booked back in when it is returned.
- 9.10 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

Management of Risk

- 9.11 All significant risks must be recorded in the Trust Risk Register. Where these risks are business critical then they must be supported by a business continuity plan. Where risk has to be tolerated then appropriate management arrangement should be put in place i.e. insurance cover. All insurance related matters must be referred to the Principal Finance Officer.

10. Dispensation from Financial Regulations

- 10.1 The procedures set out in the Financial Regulations should be followed at all times. However, there may be exceptional circumstances where a dispensation from Financial Regulations is permitted. The circumstances are set out below:
- **Emergency Action**
In the event of an emergency, the Chief Executive and/or Chairman of the Board are empowered to authorise all necessary actions. The Chief Executive and/or Chairman of the Board shall notify the Principal Finance Officer, in writing, of the circumstances and estimated financial impact and report formally to the next Trust Board meeting.
 - **Operational Issues**
Where the Chief Executive considers that there are justifiable reasons for dispensing with Financial Regulations, they may do so, in consultation with the Principal Finance Officer provided that they obtain the agreement of the Chairman of the Board. The circumstances must be reported formally to the next Trust Board meeting.
- 10.2 The Chief Executive Officer will ensure that a dispensation register is maintained and records all the reasons and circumstances of dispensations granted under Financial Regulations 10.1. He will also assess the need to refer or report any of these transactions to the ESFA for approval or to note.