



**SHIRELAND**  
COLLEGIATE ACADEMY TRUST

Shireland Collegiate Academy Trust Policy

# Financial Regulations and Guidance 2021/22

**The Trust, all Academies within the Trust and Shireland Learning Limited must  
comply with this policy.**

Updated Autumn 2021

## Contents

Introduction.....	6
Purpose of Guidance.....	6
Governance.....	7
Constitution.....	7
Members' Role and Liability.....	7
Trustees Indemnities.....	8
Principal Activities of the Trust.....	8
Organisational Structure.....	8
Governance Structure.....	9
Management Structure.....	11
Executive Leadership Team (ELT).....	11
Senior Leadership Team (SLT).....	11
Management Responsibilities.....	11
The Chief Executive Officer (CEO/ Accounting Officer).....	11
The Finance and Operations Director.....	12
The Company Secretary.....	12
The Responsible Officer.....	12
Finance Team.....	13
External Audit.....	13
Internal Control and Processes.....	14
Internal Check.....	14
Segregation of Duties to include Authorisation and Supervision.....	14
Seven Principles of public life.....	15
Documentation of Systems.....	15
Financial Key Documents.....	16
Deadlines.....	16
Financial Policies.....	16
Financial guidance.....	16
Security of Assets/Records.....	17
Accounting System.....	18
Back-up Procedures.....	18
Transaction Processing.....	19

Transaction Reports .....	19
Reconciliations .....	19
Financial planning .....	20
Development Planning and Risk .....	21
Annual Budget.....	22
Balancing the Budget .....	23
Finalising the Budget.....	24
Monitoring and Review of the Budget.....	24
Annual Accounts .....	25
Register of Interests .....	25
Gifts and Hospitality .....	26
Gifts in Kind.....	26
Donated Services and Facilities .....	27
Insurance .....	27
Expenses .....	27
Whistle Blowing Policy .....	28
Payroll .....	28
Staff Appointments .....	28
Payroll Administration.....	29
Payments .....	30
Executive Pay.....	31
Purchasing .....	31
Routine Purchasing .....	32
Ordering Process .....	33
Delivery Process .....	34
Invoice Process .....	35
Taxation .....	35
Best Value policy.....	36
Tendering Process for over £40,000 .....	36
Forms of Tenders .....	36
Preparation for Tender .....	37
Invitation to Tender.....	37
Aspects to Consider .....	37
Tender initiation process .....	38
Receiving and evaluating tenders .....	38

Tender approval .....	38
Income .....	39
Debt Management.....	40
Income Sources .....	40
Trips .....	41
Lettings.....	41
Catering.....	42
Trading Activities and Trading Subsidiary .....	42
Gift Aid from Shireland Learning .....	42
Cash Management .....	42
Bank Accounts .....	43
Deposits .....	43
Payments and withdrawals.....	44
Administration.....	44
Petty Cash/Cash Imprest Accounts.....	44
Deposits .....	44
Payments and Withdrawals.....	45
Administration.....	45
Physical Security.....	45
Purchase Card Scheme .....	45
Purchasing Cards.....	45
Cash Flow Forecasts.....	45
Investments .....	46
Fixed assets .....	46
Asset Register .....	47
Security of assets .....	47
Disposals.....	47
Loan of Assets.....	48
Sale of Assets, leases and tenancy agreement transfers.....	48
Leases.....	48
Borrowing .....	49
Severance/Compensation and Contentious Payments .....	49
Fraud and Irregularity .....	49
Cybercrime.....	49
Risk Management .....	50

Public Access to Information .....	50
Shireland Learning Limited.....	50
Conclusion.....	50
Supporting Policies and Guidance within the Trust .....	52
Further Sources of Information .....	53
Appendix 1 – Finance Structure .....	58

# Introduction

## Purpose of Guidance

This document has been produced to ensure the organisation and financial regulations for the Trust comply with the requirements of the Companies Act 2006; the Charity Commission guidance for Academies; the current years Academies Financial Handbook and the Trust's Master Funding Agreement and supplementary Funding Agreements.

This manual, along with all other relevant organisational, governance and financial guidance will be stored under Financial Regulations and Policies on the Finance area of the Trust portal for ease of reference for all staff Trustees and Governors. Please note all statutory polices will be held on the Trust website with links available on the Trust and Governance portals.

It is imperative that all members of the Board, Executive Leadership Team and Senior Leadership Team of the central team and Academies fully understand the governance and financial requirements and work to embed these into the workings to achieve a consistency in approach.

These regulations apply to the Trust as a whole and therefore should be read by all staff involved with the finances and governance of the Trust and the Trust's trading subsidiary – Shireland Learning Limited (SLL).

For ease of reading the guidance has been produced over three key financial standard headings of:

- 1. Governance**
- 2. Management Responsibilities**
- 3. Internal Controls and Processes**

There are several stand-alone documents that have been produced to help either Trustees, Governors, Finance staff, Executive Leadership Team (ELT), Senior Leadership Team (SLT) or Budget Holders/Managers in their day-to-day management. These documents will be clearly identified within this manual. ***Hyperlinks to all supplementary documentation are listed at the end of this document.***

Additional information is available on the Charity Commission website- Guidance on their regulations as Charities\_ and two guidance notes which are relevant for academy Trustees and Governors. These guidance notes are [Trustee - What You Need to Know](#) and [Internal Financial Controls for Charities](#); Education and Skills Funding Agency (EFSA) website; School Resource Management <https://www.gov.uk/government/collections/schools-financial-health-and-efficiency> Department for Education site; and the HMRC. Again, all relevant links are listed at the end of this document.

***Please note throughout this document the term Finance Officer and Finance assistant relate to an individual in an academy with these identified responsibilities as per the Roles and Responsibilities for Finance within the Trust Finance induction and structure documents***

# Governance

## Constitution

Shireland Collegiate Academy Trust is the legal entity which governs all academies within the Trust and its subsidiary company Shireland Learning Ltd (SLL).

Shireland Collegiate Academy Trust is a company limited by guarantee with no share capital. It was incorporated on 7 August 2007 and was registered as a charity on 6 February 2008. The Academy Trust is now an exempt charity whose Principal Regulator is the Secretary of State for Education. The Academy Trust commenced operations on 1 September 2007. The charitable company's Memorandum and Articles of Association are its primary governing documents. The current Articles of Association were adopted November 2017. The Trust has adopted the Model Articles recommended by the Department for Education. Our current Members are SLL, who is represented by the Chairperson of the Board and any persons appointed by Special Resolution of the Members.

The Articles of Association enable Shireland Collegiate Academy Trust to operate on a federal basis and to include more than one Academy. The Articles allow the Trust to have a board of 10 directors and establish Local Governing Bodies for each Academy within its control. The Trust board from September 2016 decided that Shireland Collegiate Academy and any other Academy will not have a committee called a local governing body, but in its place will have a Standards and Performance Committee (SPC) whose role will be to monitor, review and report on the performance of the Academy and the implementation of policies agreed by Shireland Collegiate Academy Trust Board. The Standard and Performance committee will have 9 Governors which include trustees, family and staff members.

For more information, please refer to Shireland Collegiate Academy Trust Governance Structure.

## Members' Role and Liability

The Academy Trust must have a minimum of five Members

The Members of the board of the Trust have statutory duties of company directors, which are set out in the Companies Act 2006 and include the duties to:

- ✓ exercise their powers only for a proper purpose;
- ✓ promote the company's success;
- ✓ exercise independent judgement;
- ✓ exercise care and skill;
- ✓ Avoid conflicts of interest.

Each Member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not

exceeding £10, for the debts and liabilities contracted before he/she ceases to be a Member.

## Trustees Indemnities

Subject to the provisions of the current Companies Act, every Trustee, Governor or other officer of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy. The Trust has a third-party indemnity in place for all Trustees.

## Principal Activities of the Trust

The Articles of Association describe the Academy Trust's purposes as: 'to advance education, by establishing and managing schools offering a broad curriculum and to provide facilities for recreational and other leisure time occupation for community benefit at large in the interests of social welfare and with the object of improving the conditions of life of the community'.

Under the terms of the Funding Agreements agreed with the Department for Education (DFE), the Academies agree to provide a broad educational curriculum for pupils of different abilities who are drawn mainly from the local area.

The admissions policy and arrangements for the Academy are in accordance with admissions law and the DfE Code of Practice, as they apply to maintained schools.

Shireland Collegiate Academy Trust has developed two key statements upon which the vision for the Trust is based, these are:

***“Leading Learning, Changing Attitudes, Promoting Cohesion”;***

***“Aim Higher, See Further, Be Concerned for Everyone”.***

The first statement broadly aims to guide the work of the Academy's staff and the second has been developed for students.

## Organisational Structure

The organisational structure comprises of four levels, which are

1. Shireland Collegiate Academy Trust Board of Trustees (including supporting committees)
2. Academy Standards and Performance Committees (SPC) (Local Governing Bodies)
3. Executive Leadership Team and
4. Senior Leadership Team.

The aim of this structure is to give clear management accountability that allows the relevant responsibilities to be devolved and encourage involvement in decision making at all levels.

**The Funding Agreement and supplementary funding agreements supported by the Academy Trust Handbook and Governance Handbook sets out the respective responsibilities of the Board of Trustees and the Accounting Officer of the Trust.**

The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the board, that there is compliance with the current Academies Trust Handbook, the Funding Agreement and all relevant aspects of Company and Charitable law.

**The Accounting Officer for Shireland Collegiate Academy Trust is the Chief Executive Officer**

## **Governance Structure**

The governance structure must be reviewed annually and approved at the first meeting of the Board of Trustees.

The structure is detailed within, **Shireland Collegiate Academy Trust Governance Structure which includes the Scheme of Delegation.**

This document clearly defines the responsibilities for the Trust Board, the Resources Committee, the Standards and Performance Committee (SPC), the five other committees the Chief Executive Officer (CEO)/Accounting Officer, Director of Finance, the Company Secretary, Responsible Officer and senior staff

The Board retains power for approving strategy and planning decisions, the annual budget, direction of the Academies, capital expenditure and the appointment and dismissal of the CEO, the Finance and Compliance Director and Principals.

To enable Trustees to discharge their functions responsibly, the Trust Board have also established a Resources Committee, a Standards and Performance Committee, and a further five committees that report directly to the Academy Trust.

These committees are:

- ✓ Audit;
- ✓ Admissions;
- ✓ Discipline;
- ✓ Appeals;
- ✓ Remuneration and Performance Management.

Each committee has a defined role within the Governance Structure and reports back to the Board.

The Resources committee is responsible for all finance and staff related matters.

The SPC only has a monitoring role. Its main function is to ensure that the direction set by the Trustees is maintained and relevant monitoring systems are in place to ensure adherence.

The SPC will report to the Board on decisions and will also provide advice and make recommendations to the Board on issues. Over and above this structure the SPC must establish a “Family Forum” for consultative purposes with families and the community

The Audit committee is responsible for the internal control processes, compliance, reviewing the work of internal and external auditors and Risk.

The Admissions committee is responsible for all admissions in the Academy.

The Discipline committee will deal with all student behaviour issues and any staff discipline issues in relation to the CEO, Principal (where appointed) and Finance Director.

The Appeals committee will deal with any appeals from staff/students or the public.

The Remuneration and Performance Management committee will deal with the performance management scheme for the Executive leadership team of the Academy

The Terms of Reference for each committee are reviewed annually by the Trust Board and then at the first meeting of each committee. These terms are fully documented in the **Governance Structure for Shireland Collegiate Academy Trust**.

Each committee will have a Chairperson and must have a minimum of 3 members to be quorate. The membership of each committee must always include a majority of Trustees, except in the case of the SPC and the Family Forum. All information relating to these meetings will be stored on the Governance Portal of the Learning Gateway.

The Trust, Resources Committee, SPC and Audit Committee will meet at least once a term, but more frequent meetings can be arranged if necessary. The Resources Committee to ensure the adequacy of financial oversight will meet at least five times per year.

The Resources, SPC and Audit Committees will report back to the Board of Trust each term. All meetings will be timetabled to allow the required reporting and in accordance with the agreed annual agendas for each committee, so timely and accurate information can be shared by the Trustees. Other Committees will report back to the Board as and when necessary.

A summary of the scheme of delegation, with key responsibilities for staff is available in the **Summary Scheme of Delegation** document which is an appendix within the Governance Structure of the Trust.

All committees with the exception of the SPC and family forum will be clerked by the Trust Governance Officer.

## Management Structure

### Executive Leadership Team (ELT)

The Trust Executive Leadership Team (ELT) consists of, the Chief Executive Officer, the Finance and Operations Director, and the Chief Operating Officer of SLL. Supported by the Secondary and Primary School Improvement leads and Principal of each Academy and as necessary the HR Director.

These individuals have responsibility for the setting of the Trust strategy and process management as per the decisions made by Shireland Collegiate Academy Trust Board in relation to any aspect of the Academies' management and organisation.

To support ELT, each Academy has a Senior Leadership team (SLT).

### Senior Leadership Team (SLT)

These individuals manage the implementation of the strategy and process management within the agreed framework and responsibilities at an individual academy level.

This management structure is supported by the specific statutory roles and functions detailed in Management Responsibilities

## Management Responsibilities

### The Chief Executive Officer (CEO/ Accounting Officer)

The CEO of the trust has been identified as the ex-officio Trustee and the Accounting Officer.

As Accounting Officer all responsibility for financial and administrative matters, including the overall management on a daily basis lie with the CEO. As the Accounting Officer the CEO is personally responsible to the Trustees of the Board and personally responsible to Parliament and to the Accounting Officer of the EFSA for the resources under their control.

The essence of the role is a **personal responsibility** for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for the effective use of assets to avoid misuse and loss, for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; for internal control and for the efficient and effective use of all the resources in their charge. Essentially accounting officers must be able to assure Parliament and the public of high standards of probity in the management of public funds.

On an annual basis the accounting officer must complete and sign a regularity propriety and compliance statement as part of the annual accounts.

The accounting officer must advise the Board of Trustees in writing if, at any time, in his or her opinion, any action or policy under consideration by the Trust is incompatible with the terms of the Academies Handbook or Funding Agreement. Similarly, the Accounting

Officer must advise the Board in writing if the Board appears to be failing to act where required to do so.

A key role for the CEO, as Accounting Officer, is a duty to take action if the Trustees or Chair of the Trust is suggesting a course that would conflict with the requirements of the Funding Agreement and or conflict with any of the duties or financial regulations.

In such circumstances the CEO must put the objection in writing to the Trustees, advising them of the requirements to inform the EFSA Accounting Officer and the Academies external auditors. The CEO at this stage must inform the Department for Education (DfE).

### **The Finance and Operations Director**

The Finance and Operations Director (FD) will work in close collaboration with the CEO. This post holder enables the CEO to discharge his/her duties effectively and with integrity will lead the Finance Office

The FD will have direct access to the Trustees and Governors of the Academy, will work directly with the Company Secretary, Responsible Officer and external Auditors. The FD will report directly to the Resources Committee and will act as the representative of the CEO as required in these meetings. The FD will attend Board Meetings as an attendee and provide advice as required.

The FD will be responsible for the accounting and day to day finances for the trust to include;

- ✓ The preparation of the annual accounts
- ✓ All statutory returns
- ✓ The preparation and monitoring of the budget
- ✓ All technical advice Liaison with auditors
- ✓ Financial Compliance

These duties will be discharged via the work of the finance team within the central team and academies

### **The Company Secretary**

The Company Secretary is appointed by Trustees to provide accurate and independent advice to the Board or Trustees, ensure company and charity law compliance and provide procedural advice. The Company Secretary will work closely with all Trustees but especially the Chairperson of the Board and the Trust Governance Officer who will Clerk for the Board.

### **The Responsible Officer**

Responsible Officer (RO) will be appointed by the Trustees to provide an independent oversight of the Trusts governance and financial affairs.

The RO will have a direct relationship with the external auditors, and Trustees. All work will be reported via the audit committee of the Trust.

The Responsible Officer (RO) will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust's Financial Guidance.

To ensure compliance with ESFA requirements the RO must not be an existing employee of the Trust. The Trustees will satisfy themselves that the individual chosen has the appropriate qualities, skills and experience to be able to perform the role competently. The choices open to the trust are as follows.

- ✓ Appoint an external paid person
- ✓ Appoint External auditors to complete a supplementary programme
- ✓ Appoint an individual who is a non-employed Trustee/Governor who neither charges nor are paid for this work
- ✓ Complete by peer review from another Academy Trust.

## Finance Team

The effectiveness of any systems depends on the competence and integrity of the personnel involved in the processes. To enable the Trusts' management to discharge their duties effectively and efficiently, a finance team is crucial. The finance teams within the Trust must be qualified, have relevant experience, have the necessary personal qualities. They must be open to change, with a willingness to undertake all relevant training.

All staff involved in Finance will be appropriately trained to discharge their responsibilities.

The CEO and Principals must ensure the appointed staff are competent and can effectively discharge the duties and responsibilities aligned to them and within the prescribed time scales.

The FCD must set in place a review mechanism and report to the Resources Committee on the effectiveness of the teams and the controls in place to provide assurance to Trustees.

To inform this review the FD will complete termly reviews and ensure appropriate monitoring and training is in place for all financial staff including nominated budget holders throughout the year.

To provide assurance all Finance assistants will be qualified to level 2 and all Trust Finance Officers to Level 4.

The Finance Structure is shown at **Appendix 1**. Please note the responsibilities are split between academies and the central finance team. Full details can be found in the **Trust "function documents" and Finance Overview**.

## External Audit

The Trust will appoint an external audit company to audit the annual accounts and provide assurance to the Board on the use of public funds and to be compliance with Companies Act.

The Auditors will be appointed by the Board following a selection process and will be engaged each year by the Board to complete the audit. The format of the external audit will follow Charity SORP and the ESFA reporting requirements.

## Internal Control and Processes

It is essential that the financial processes for the Trust are clear and transparent, and the financial systems show adequate internal control to sure that all transactions have an identifiable audit trail. The main controls implemented by the Trust will be internal checks and Segregation of Duties

### Internal Check

All processes will have a minimum of two individuals to ensure the work of one individual can be reviewed and checked by another to provide a safeguard against error, manipulation and fraud.

All financial processes will have an internal review process which will be discharged by the Trust Finance Officer.

All finance staff will be issued with a process of weekly and monthly checklists and an annual calendar These checklists will be reviewed monthly by the Trust Finance Officer

All information will be updated annually and held on the Finance area of the Trust Portal.

The Finance structure will allow for the duties to reflect this internal check.

### Segregation of Duties to include Authorisation and Supervision

The separating of duties between staff; where if combined may enable an individual to complete a transaction is essential.

Within the Trust this will be discharged by ensuring within the financial management system (computer process) that all transactions are separated to ensure the processes and authorisation do not rest with the same employee. These controls will be implemented by the finance team structure and roles and responsibilities but also within the access rights for individuals set in the financial management system

Our control framework will ensure

- ✓ Delegated authorities are complied with as per the Scheme of Delegation
- ✓ Discipline in financial management with standard documented processes
- ✓ Oversight of all revenue and capital expenditure by the central finance team
- ✓ Management of assets over £5,000 by the central finance team
- ✓ Independence and internal control within all systems and processes to reduce misuse of public funds
- ✓ Regularity property and value for money

## Seven Principles of public life

All Members, Trustees Governors and staff at all time act as officers of a public body and as such must abide by the seven principals of public life.

### 1) Selflessness

Holders of public office should act solely in terms of the public interest.

### 2) Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### 3) Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### 4) Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### 5) Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### 6) Honesty

Holders of public office should be truthful.

### 7) Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

## Documentation of Systems

All procedures will be clearly documented and held in the finance area of the Trust Portal for all staff

There are four distinct areas for ease of reference in the Financial Key Documents as below.

## Financial Key Documents

There are lots of guides and information, however there are 4 key documents that staff **must** be familiar with. These are:

1. **Financial Regulations** – Held on the Trust Website and a copy on the Finance area of the Trust Portal
2. **Scheme of delegation** – Held on the Trust Portal – Finance area and Governance portal
3. **Budget Holder guidance** – Held on the Trust Portal – Finance area for template then each academy's portal on finance site
4. **Finance overview** – Held on the Trust Portal - Summary of day-to-day processes for all academy staff and nominated finance staff in each academy

## Deadlines

All key dates, and deadlines for the year are on the Trust Finance Portal.

[Trust Finance Portal - Academies calendar](#)

## Financial Policies

There are **10** financial policies. These can be found on the Trust website and on the Finance area of the Trust Portal

1. **Trust Financial Regulations** – Overarching document that interprets Public Sector Finance requirements and details the processes and rules the Trust will follow
2. **Fraud Policy** – Guidance as to how to stop misuse of public funds
3. **Pecuniary Interest Policy** – Process detailing how and when to declare any interests
4. **Gift and Hospitality Policy** - Gifts and Hospitality staff can and cannot accept
5. **Charging and Remissions Policy** – Details the basis for charging for activities and trips within our academies
6. **Letting Policy** – Details the basis for use of our academy sites by external users and the charges to be levied
7. **Staff Expenses Policy** – How and what expenses staff can claim
8. **Reserves Policy** - Explains the reserves level that each academy and the Central Team should hold
9. **Investment Policy**- How public funds are held and invested, whilst always minimising the risk of loss
10. **Governors Expenses Policy**- How and what expenses governors can claim

## Financial guidance

The guidance is split into two sections one to help all staff and one section to help Finance staff.

The main guidance to help staff understand the above policies and our processes to ensure adherence are:

1. **Finance Process Overview** – flowcharted process of all financial processes, with details of what staff must do and then the roles the finance staff will perform. This document also details supporting “how to” documents. This should be the document all staff refer to when they are unsure of a process or what they need to do
2. **Scheme of Financial Delegation** – This detail the powers that have been delegated and limitations – This is a very important document and should be referred to when making any spending decisions to ensure the decisions are being made by the correct person or correct committee
3. **Coding Structure** – Codes and cost centres to be used
4. **Budget Holder Guidance** - Summarises for Budget Holders the main points from the above 3 areas in a handy quick reference document. Please note this is not intended to cover everything and the main reference points should be the documents detailed in points 1-3
5. **Budget setting Process** – How to set a budget then monitor in year with details of responsibilities and timelines
6. **Best Value Statement** – Statement as to how staff with financial responsibilities should act, and details considerations to ensure public funds are spent wisely and achieve best value and value for money
7. **Purchasing Card** - Rule applicable to use of these cards and the responsibilities holder undertake
8. **Trip Guidance** – Outlines the process for seeking approval for a trip and collection and banking of income

These guidance notes are supported by a number of financial forms which are again held on the Finance area of the Trust portal

All financial records will be retained for a period of 7 years.

## Security of Assets/Records

All data, records and assets will be kept in a physically secure environment.

All financial sensitive information, such as payroll will be held in a secure fireproof container.

Shireland Collegiate Academy Trust is heavily reliant on computer systems to process and record financial and other management data and it is important that this information is properly protected. The ICT manager of each academy is responsible for the security of the computer systems in line with the advice of the nominated GDPR Officer of the Trust.

Systems are in place to protect all key computer held data and control features this includes:

**Back-up Procedures:** All Academies will ensure that on a daily basis all data is backed up. The back-up copy will be stored off site or in an otherwise secure and fireproof location.

**Passwords:** these will be used to restrict access to computer hardware and software to authorised users. Passwords must not be disclosed and should be changed if disclosed.

**Disaster Recovery Plans:** this will be in place to ensure each Academy has a fall-back position in the event of loss of accounting facilities or other key computer held data. The recovery plan will be held by the Network Manager of each Academy

All records held either on computer or in paper base will comply with the regulations of the current Data Protection Act. Each Academy within the Trust must be registered with the Information Commissioner Office (ICO).

The Trustees have a **Policy Schedule** in place. All relevant policies are reviewed to ensure information is held in accordance with the Data Protection Act, legislation and ESFA requirements and security of assets and records are compliant

## Accounting System

All the financial transactions of the Academy Trust will be recorded on the PS Financials Accounting (PSF). This system is only accessed by Finance Staff. All orders and reporting can be accessed by all senior leaders and budget holders via the PS Financials purchasing module.

The coding structure will be determined by the Finance Director and will be in line with the reporting requirements of the EFSA and Charity SORP requirements (Charities' Statement of Recommended Practice: Charity Accounting and Reporting (SORP)).

Detailed guidance on the use of this system is available in the **PS financials User guide** stored on the Trust team site, Finance area on the Trust portal, or on the PS Financial website.

Entry to the management system will be password restricted. The ICT Manager will be the systems Manager and ensure daily back-ups. The Accounts Manager will be the system administrator.

Access to PSF will be restricted dependant on the responsibilities of the staff involved. The access rights set within PSF are grouped to ensure segregation of duties.

The Accounts Manager will check on a termly basis, to ensure the validity of the access rights. Any discrepancies must be reported immediately to the Finance Director.

## Back-up Procedures

The Network Manager is responsible for ensuring that there are effective back up procedures for the financial system on a daily basis. All back-ups are stored in a fireproof safe.

Each month a trial balance will be downloaded into excel and saved by the Accounts Manager.

**A PDF copy of the monthly accounts will be stored on the Governance Portal** where information is stored in a cloud environment.

## Transaction Processing

All transactions input to the accounting system will clearly show segregation of duties and be transacted in accordance with the detailed procedures for the operation of the payroll, cash and banking, the purchase ledger and the sales ledger included in the following sections of this manual. All journal uploads will be supported by relevant working and where possible this file attached within the PS financial system. Journals must be authorised by the Accounts Manager or Trust Finance Officer prior to being input to the accounting system, unless they are recharge journals (not moving cash).

Each month's accounts will be closed down in accordance with the monthly procedure protocol, (monthly checklist is stored on the Learning Gateway-Finance Trust Portal). The Trust Finance Officer will retain all relevant paperwork and go through the month end checklist to review the work. The Accounts Manager will overview the month end and consolidate the accounts and report any issues to the Finance and Compliance Director.

## Transaction Reports

The Accounts Manager will obtain, and review system reports on a monthly basis to ensure the accuracy of the transactions as prepared by the Finance Trust Officer.

The information obtained and reviewed will include:

- ✓ Trial Balance
- ✓ Management accounts summarising expenditure and income against budget □  
Cash flow
- ✓ Balance sheet and financial statement of Accounts
- ✓ Payroll reconciliation
- ✓ Bank reconciliation
- ✓ Cost Centre and Budget holder reports
- ✓ Debtor and purchase control reports
- ✓ Control accounts report
- ✓ Trading area reports
- ✓ Funding and grant reconciliation
- ✓ Month end adjustment schedule

## Reconciliations

The Trust Finance Officer is responsible for ensuring the monthly reconciliations of all bank accounts and clearing of all suspense accounts. Any unusual or long outstanding reconciling items must be brought to the attention of the Accounts Manager. The Accounts Manager will review the bank reconciliation periodically.

The Accounts Manager is responsible for substantiating any balances on the following:

- ✓ Payroll control account
- ✓ VAT control account (s)
- ✓ Intercompany accounts
- ✓ All suspense/other control accounts

- ✓ the capital accounts reconcile back to the ICT and Asset Management plans for the academic year.
- ✓ The consolidation of all spend for all academies and the central team accounts in the Charity SORP format

The Trust Finance Officer is responsible for substantiating balances on the following:

- ✓ Sales ledger control account
- ✓ Purchase ledger control account
- ✓ Bank balances
- ✓ Credit Card control
- ✓ Nursery parents' control

## Financial planning

The Trust and all its academies will prepare long -medium term (5- 3-year planning) and short-term (one year) financial plans. These plans are formulated as part of the Academy's development planning process and will reflect the overall objectives of the Academy, linking into the objectives and aspirations of the Trust.

The Trust development plans indicate how educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The Trust long term objectives are then on an annual basis taken and put into a process which is monitored on its success via the achievement of the success criteria and identified performance measures.

Therefore, the Central Team and each academy must produce an annual development plan comprising of three documents:

1. Raising attainment plan (RAP)
2. Asset management plan
3. Risk management plan

The above development plan process provides the framework and links 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 a year, with forecasts for a future 4 years.

To help with forward planning the Trust will also look at previous two years spend and produce a benchmark for challenge.

As part of the planning progress Key Performance Indicators will be set, and each academies adherence monitored. In addition to this each academy will be set financial targets to ensure long term sustainability. To help this process the Trust utilises information provided by the ESFA – School Resource management tools

<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

A budget will be prepared for each Academy and the central team in accordance with the Funding Agreement and ESFA relevant requirement.

At the year end, these accounts will be consolidated into the year-end accounts of the Trust along with all trading subsidiaries.

## Development Planning and Risk

The Trust has a development plan process which describes the Trust's aims, objectives and targets in respect of school improvement, governance, financial health and compliance, people and leadership. Each Academy then has its own Raising Attainment Plan (RAP) with objectives and targets that derive from those of the Trust and focus on improving the quality of delivery, enhancing levels of engagement, ensuring progress for all, and establishing partners in learning. The Trust and the individual Academies' RAPs are approved annually by the Board of Trustees. RAP plans at all levels are supported with risk management plans, asset management plans and the annual budget.

The Raising Achievement Plan and associated plans states how each Academy will unlock the potential of pupils, promote their well-being, raise aspirations and self-esteem and achieve high standards. Each Academy must be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community, developing new directions for teaching and learning and establishing continuous improvements in standards.

The development plan and strategic risk plan is concerned with the future aims and objectives of the Trust, however the planning for each academy will concentrate on the current year. This is to allow depth of planning.

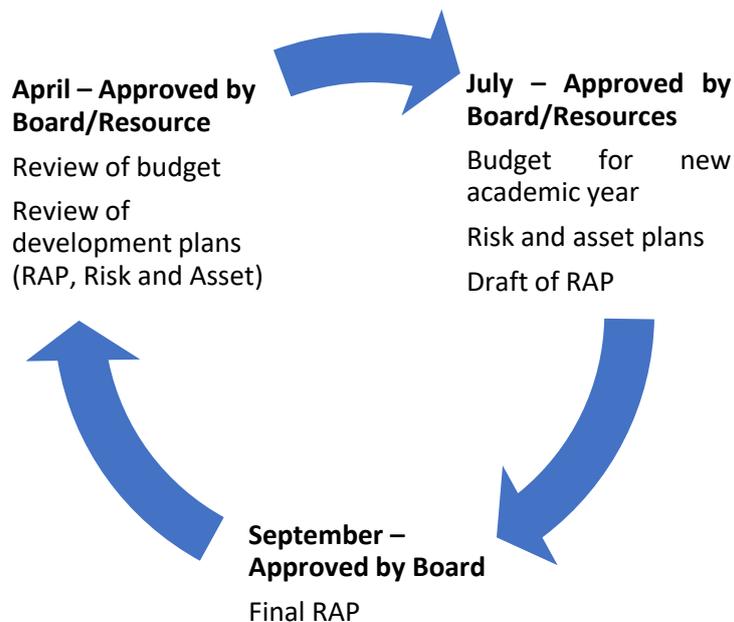
The planning process as outlined in **Trust planning and risk document** ensures a link into the Trust short- and long-term planning

The CEO of the Trust will be responsible for the overall Trust development plans, whilst the Principal of each academy will be responsible for their own plans. Both plans will be matched to the resources expected to be available.

Each year the CEO will propose a planning cycle and timetable to the Trustees of the Academy, 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 to the Executive Leadership Team and will follow the timeline detailed below



The Trust development plan will include detailed objectives with a clear success criterion and a nominated lead officer from the Executive Leadership Team.

The Principal of each academy will monitor performance against the defined success criteria within the three plans (RAP, Asset Management and Risk Register) throughout the year and report on a quarterly basis to the CEO and SPC. These plans should be linked back to spend within the annual budget or to the development funding or to capital funding. Each overarching objective should have a success criterion against which achievement can be measured.

The Executive Leadership Team will report to the Trust board if there is a significant divergence from the agreed plans, (as per the decision making process and scheme of delegation) and will recommend an appropriate course of action. However, in addition to the management structure, the Standards and Performance Committee of each academy will report any variances directly to the Board.

## Annual Budget

The Finance and Operations Director is responsible for preparing and obtaining approval for the annual budget for each academy and the central team. The budgets must be approved by the Resources Committee, and finally the Trust Board.

The approved individual Academy budget must be submitted to the EFSA by the **31<sup>st</sup> July** each year in addition to any other timeline as determined for the budget forecast return.

The Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. This timeline is reviewed annually and detailed in the “budget setting guidance”.

The annual budgets will reflect the best estimate of the resources available to the Trust and academies for the forthcoming year and will detail how those resources are to be

utilised. Where possible defined links between the development plan objectives and the budgeted utilisation of resources must be shown.

ELT and SLT in preparing the budget must follow the Trust **Budget Process document**.

The budgetary planning process will incorporate the following elements:

- ✓ forecasts of the likely number of students to estimate the amount of EFSA 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's cost base
- ✓ identification of potential efficiency savings
- ✓ review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated change
- ✓ Commitments from contractual liabilities
- ✓ clear division on restricted and unrestricted income and expenditure
- ✓ separate budget and planning process for the trading subsidiary
- ✓ capital commitments

### Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding must be documented if shortfalls are identified, opportunities to increase income should be explored and expenditure headings reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. At all times the Trustees will be fully informed and reported on the options available.

Where an academy cannot balance its budget in year the Finance and Compliance Director must be informed, and a deficit recovery plan as agreed by the Resources Committee put into place. This plan will be supported by the **loan scheme**. Any deficit plan must be achievable within a 3-year period and must achieve an in-year surplus.

Every academy should aim to have an in-year surplus where this is not the case a reason must be given to assess the action that will be required to ensure each academy can achieve the reserve levels required by the Trust.

Plans and budgets will be revised until income and expenditure are in balance and compliant with guidance set by the Trust. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. To ensure sustainability, the Trust will budget for a 3 – 5-year period.

The Trust will have a **Reserves policy** that will be reviewed annually to ensure reserves are at a level that is consistent with the development of the Trust and for each of its Academies.

## Finalising the Budget

Once the different options and scenarios have been considered, draft budgets will be prepared by the Trust Finance Officers for approval by the FCD and CEO. Once approved the draft budget will be presented to the Resources Committee. The budgets must be accompanied by a statement of assumptions and hierarchy of priorities to ensure Trustees make informed decisions. The budget will also be supported by Key performance indicators and financial targets for the year and if necessary, future years.

The Resources Committee will recommend the budgets to the Trust for ratification.

The budgets will be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budgets should be seen as a working document which may need revising throughout the year as circumstances change. If changes are required, then this must be in accordance with the Trusts **Scheme of Delegation**.

## Monitoring and Review of the Budget

Monthly management accounts reports will be prepared within 5 working days of the month end.

The Accounts Manager will consolidate the accounts each month but will only produce management Accounts reports as determined by the Resources Committee meeting cycle. The report will include the following:

- ✓ Actual income and expenditure against budget to date with any variance explained
- ✓ Cash position
- ✓ Debtor and Creditor Levels
- ✓ Update on budget virements (if applicable)
- ✓ Payroll spend and variances
- ✓ Project spends where applicable

Where relevant, these reports will be made available monthly to the CEO, Chair of Trust and Resources, Finance and Operations Director and Principals.

All Budget holders have access to real time reporting but must ensure they access their budget reports within 3 days of the end of each month.

Each SPC will receive three monitoring reports. The Resource Committee will receive five monitoring reports and the Board will receive provisional out turn figures.

The monitoring process will be 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 move money from another budget or from the contingency. Virements will only be authorised in line with the **scheme of delegation**.

Reports for Trustees and the leadership teams of each academy and the CEO will be at summary level,

Trustees reports will include information as required by the Charity Commission SORP and ESFA requirements. They will have access to a balance sheet, cash flow, financial statement and a monitoring report, including reports on the trading company as determined by the committees meeting cycle

Trustees will also have the information presented in a dashboard format for ease of reference

Trustees will review the format of information on an annual basis to ensure its relevance.

On an annual basis Trustees will be provided with benchmarking information for comparable Academies

## Annual Accounts

The Trust must comply in full with the requirements of the **Academies Accounts Direction**, issued by the EFSA. The Accounts direction supplements the Academies Financial Handbook.

The Trust on an annual basis will:

- ✓ Prepare an annual report and financial statements to 31<sup>st</sup> August
- ✓ Have the accounts audited by an independent auditor
- ✓ Submit audited accounts to the EFSA by 31<sup>st</sup> December
- ✓ File the accounts with the Companies House Registrar as required under the Companies Act 2006
- ✓ Arrange an independent audit of regularity and include the auditor's report on regularity of the trust's accounts.

The Academy will prepare annual accounts in the Charity Commission SORP requirements

The accounts will be prepared on an accrual basis and will be signed off by the Accounting Officer. The annual accounts will be approved by the Trust before submission to the EFSA.

## Register of Interests

Each member of the Trust Board, Committees and any employee involved with the finances of the Academy or any employee who holds a management position will be required to complete each September a Declaration of Interest form, as required by our **Declaration of Interest policy**. In addition, any member of staff must declare any interest they may have. The declaration must clearly detail any direct or indirect interests that potentially could conflict with the working of the Academy or could impair their decision-making process.

A direct interest is where an individual, totally or in part, owns a company or organisation which may be used by the Academy Trust to supply goods or services

An indirect interest is where an individual has a relative/friend who will directly or indirectly (they have an interest as defined above in sections (a) to (d)) work with the Trust and its academies

Please see the **Declaration of Interest policy** for full details.

The Declaration of Interest policy clearly states that all conflicts of interest must be declared, and the Trust will report any related party transactions to the ESFA. Please note, any party transactions over £20,000 need to be approved by the ESFA in advance and must be provided at cost. A related party transaction is where an individual connected to the Trust is able to influence the service or cost being supplied and as such needs to demonstrate that the service/goods will be provided at cost so at no benefit to the supplier and therefore themselves.

It is essential for anyone involved in spending public money to demonstrate that they do not benefit from the decisions they make. To avoid any misunderstanding that might arise all Members, Trustees, 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. This is especially true of any relationships which may be perceived as impacting on impartiality or could be seen to be so

The declaration register will be held on the Trust website for Members, Trustees and Governors and in the Trust Finance Office for staff and is open to public inspection.

Please note it is the individuals' responsibility to make any declaration and ensure this is updated as and when changes may occur

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

## **Gifts and Hospitality**

On a termly basis Trustees/Governors and staff in accordance with the Academy **Gifts and Hospitality Policy** will be asked to declare any hospitality or gifts they have received either for themselves or for the Academy, with a value of over **£20** by completing the approved gift and donation form. This is to ensure, the cost of **any benefit in kind to the Academy**, is accurately reflected within the annual accounts of the Trust. The Trust finance assistant will hold this information which is open to public inspection.

Please note it is the individuals' responsibility to make any declaration on a termly basis. There are two types of gifts that could be received, these are:

### **Gifts in Kind**

Gifts of cash are clearly the easiest to value. However, it is recognised that a proportion of contributions may be in the form of **gifts in kind (i.e., assets)**.

Gifts in kind will be included in the Academy accounts (within the Statement of Financial Activities).

## Donated Services and Facilities

The Trust may, at time to time, receive assistance in the form of donated services (e.g. 'time') or facilities. Such incoming resources will be included in the Statement of Financial Activities where the benefit to the Academy is reasonably quantifiable and measurable.

The **contributions of volunteers does not need to be declared as this** can be excluded from the Statement of Financial Activities as the value of their contribution may not be reasonably quantified in financial terms.

The value placed on any donations which are included in the Statement of Financial Activities will be the price the Academy estimates it would pay in the open market for the services or facilities, or (less likely) the amount actually realised as in the case of second-hand goods donated for resale.

"Free gifts" i.e. non-solicited gifts will only have a value to the Academy if the gift assists in achieving its objectives as set out in the Development Plan.

Full records of receipt of business contributions should be retained, as the auditors will require evidence of receipt.

**Please note**, time spent by Trustees and Governors in attending meetings is part of their responsibility in undertaking their Governance role and therefore should not be included as a business contribution. However, if a Trustee/Governor gives additional free time to the Academy providing professional advice, outside their role as a Governor, this may be accounted for as a donation. The Academy should ensure they are clear about what constitutes the work and role of Governors before determining whether additional assistance from a Governor is classified as a donation.

## Insurance

Each academy and the Trust must be able to demonstrate to the Education and Skills Funding Agency (EFSA) that adequate cover has been made by the Trust to cover the insurable interest. In doing this as a Trust we will have regard to the actual risks which might be expected to arise. The Trustees will ensure a review is carried out annually and in accordance with EFSA guidance. As a minimum the Trust will have in place cover for business interruption contracts of work, money, employers and public liability, Trustee, Governors and Directors liability, fidelity guarantee, libel and slander and legal expenses.

## Expenses

Trustees/Governors and staff will be reimbursed for any out of pocket expenses for travel or subsistence, for duties in connection with their role, on completion of the relevant expenses form. Governor expenses will be reimbursed in line with **Trustees and Governors Expenses Policy** at the HMRC agreed rates. If Trustees incur costs not

detailed in the expenses policy, then the rates applicable with the **Staff Expenses Policy** will apply.

All staff will be reimbursed for any out of pocket expenses for travel or subsistence, for duties in connection with their role, on completion of the relevant expenses form.

Expenses will be reimbursed in line with the **Staff Expenses Policy**.

All expenses must be evidenced with valid receipts and authorised by the relevant line manager and check by the Finance Officer.

## Whistle Blowing Policy

To give the Board of Trustees, Governors and staff the assurance of good practice the Academy will adopt a **Whistle Blowing Policy**. This policy identifies a process for all employees/volunteers to declare any issues within a confidential and documented process, which is transparent and accountable.

## Payroll

To ensure effective and efficient procedures are in place for the administration of Human Resource activities, we will have a clear process for:

- ✓ staff appointments
- ✓ staff promotions
- ✓ staff terminations
- ✓ payroll administration and
- ✓ payments to staff

The responsibility for the administration of payroll will sit with the HR team and an external payroll provider.

All processes will comply with employment law and HR policies set by the HR Director.

## Staff Appointments

Trustees will approve a staffing establishment for each academy on an annual basis, taking advice from the CEO, Finance Director, HR Director and Principals of each Academy

Changes can only be made to this establishment with the express approval in the first instance of the Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

Only Trustees can appoint and dismiss the CEO, Finance and Compliance Director and Principals

The CEO has authority to appoint staff within the authorised establishment except for the Finance and Compliance Director and Principals. The HR Director will maintain personnel files for all members of staff which include contracts of employment.

The appointment of staff will be authorised in line with the Scheme of Delegation

## Payroll Administration

Payroll administration will be outsourced to an external provider through a service level agreement. This contract should be competitively sourced every 5 years and must be shown to meet the needs of the Trust.

The outsourced contract will deliver the following:

- ✓ Specified Personnel, who agree to the Academy's Confidential protocol
- ✓ Take responsible for making all returns to the HM Revenue and Customs on the required dates
- ✓ Make all deductions including income tax and national insurance are properly administered
- ✓ Maintain all relevant data files for the Academy and for each employee
- ✓ Take responsible for the details and control and accuracy of the data
- ✓ Maintain a system of authorised signatories for payroll amendment
- ✓ Maintain systems that show internal control and segregation of duties
- ✓ Provide detailed reports to include a copy of pay slips
- ✓ Provide reports for financial and personnel monitoring purposes
- ✓ Provide all pension information and support
- ✓ Take responsible for completion of relevant pension information
- ✓ Provide information for audit purposes

The HR Director, Principal, Accounts Manager and Trust Finance Officers must ensure that on a monthly basis:

- ✓ Payments are only made to bona fide employees
- ✓ Payments are in accordance with the employee's contract of employment
- ✓ Payments are only made for services provided to or for the Academy
- ✓ Amendments to the payroll are authorised as determined by the **Scheme of Delegation** and are actioned promptly and accurately
- ✓ Payroll records are kept secure to ensure confidentiality
- ✓ Payments are recorded into the financial management system
- ✓ Payments are reconciled to budget provision

All staff will be paid monthly. The payroll provider will create a master file for each employee which records:

- ✓ salary
- ✓ bank account details
- ✓ taxation status
- ✓ personal details
- ✓ any deductions or allowances payable.

The payroll will be received each month around the 22<sup>nd</sup> of each month.

The Finance and Compliance Director, HR Director, Accounts Manager or HR Manager will authorise the monthly payroll information for the Trust.

Each month the Administration/Office Manager of each academy will complete a staff return which provides details for all staff in the section on sickness and other absences during the month and any new appointments or terminations. A copy of the authorised staff returns must be uploaded to the payroll provider by the 3<sup>rd</sup> of each month.

The Finance Officer of each academy must ensure by the 3<sup>rd</sup> of each month, that any claim forms are authorised and entered into the payroll system for payment. The Principal of each academy will check the entries and authorise the data for payment before the information is uploaded for the payroll provider for processing within the timetable issued at the beginning of the year. In general terms this is around the 5<sup>th</sup> of each month.

All changes to staff contracts, such as promotions, change in contract, termination, new appointments, ad hoc or one-off payments must be uploaded into the payroll system by the 3<sup>rd</sup> of each month. The Administration/Office Manager will enter the information and will be authorised in line with the Scheme of Delegation agreed by the Board. Therefore, the CEO/ Principal will authorise all staffing changes with the exception of this/her own post.

Non-compliance with this timetable will result in the non-payment for staff.

All payroll transactions including payment of staff expenses (Car Mileage) will be processed through the payroll system.

The Trust will ensure all employees are paid via the payroll and appropriate tax and national insurance deducted. No payments will be made to staff outside of the payroll for employment purposes.

The Trust will also be compliant with all IR35 requirements and where relevant suppliers will be paid via payroll.

Reimbursement of travel costs such as train fare will not be processed through the payroll but paid as a staff expense.

## **Payments**

All salary payments will be made by BACS or CHAPS (for errors).

The Trust Finance Officers will prepare a reconciliation for each month's payroll back to the payments from the bank and to budget information. This will be completed before the payroll is run on 26<sup>th</sup> of each month. Any queries can then be raised with payroll as soon as possible. The Accounts Manager will review these each month and sign off the reconciliations.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

The Accounts Manager will select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

After the payroll has been processed the nominal ledgers will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Accounts Manager 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 remaining on the payroll control account.

On an annual basis the Accounts Manager must spot check for members of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

## Executive Pay

The board of trustees **will** ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process that is reasonable and defensible reflection of the individual's role and responsibilities.

No individual can be involved in deciding their remuneration.

The board **will** discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, establishing:

**Process** - that the procedure for determining executive pay and benefits, and keeping them proportionate, is agreed by the board in advance and documented

**Independence** - decisions about executive pay and benefits reflect independent and objective scrutiny by the board and that conflicts of interest are avoided

**Robust decision-making** - factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been taken into account, proportionality – pay and benefits represent good value for money and are defensible relative to the public sector market

**Commercial interests** - ensuring the board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction

**Documentation** - the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained.

There should be a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term.

Please note any process should allow for inappropriate pay and benefits to be challenged by ESFA.

## Purchasing

As a Trust we aim to achieve the best value for money from all purchases, but more over demonstrates the proper use of public funds.

Thus, procedures will be in place to give the security of these funds by following the general principles of:

- ✓ **Accountability**, each Academy is publicly accountable for its expenditure and the conduct of its affairs
- ✓ **Probity**, each academy must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy
- ✓ **Fairness**, that all those dealt with by each Academy are dealt with on a fair and equitable basis
- ✓ **Best Value** the achievement of value by use of the three E's Economy (minimising the cost of resources), Efficiency (maximising the use of the resource and its effect compared to the cost) and Effectiveness (the impact on the objective)
- ✓ **Competitiveness**, A competitive tendering policy is in place and compliant with EU rules

In the use of funds, account will always be taken of the above points. However, this does not necessarily mean the cheapest is always the best and consideration should be given to factors including quality, suitability, availability, reliability of the supplier, time available and terms available.

In cases where for a certain resource/service there is only one provider, staff should ensure there is evidence retained that proves this is the case (follow the process for a **sole supplier**), however Trustees/Governors should be presented with sufficient information to challenge and to clearly show that an alternative testing process has taken place, such as benchmarking.

There may be cases where the Trust is looking to procure goods or services from a supplier with which one of the Trustees or Governors or a member of staff or a related person has a business interest. In such cases there is a potential conflict of interest and particular care must be taken to ensure that the procurement process is competitive, fair and open and that public funds are protected and that any service is provided at cost. As a minimum requirement the Trustee, Governor or member of staff must declare their interest and withdraw from any part of the selection process. However where the interest of a Trustee, Governor or related person exceeds certain pecuniary (monetary) limits, which are specified in the Academy's Memorandum or Articles of Association or academies handbook, **the Academy must not proceed** with the purchase from that business\_ **or must seek advice from the central finance team who will make contact with the ESFA to obtain approval**

The Trust's regulations are clearly outlined in the **Scheme of Delegation and Governance arrangement pecuniary interest policy, Best Value Statement, guide to Budget Holders and "how to processes"**

## **Routine Purchasing**

Budget holders will be informed of the budget available to them at least one month before the start of spend for 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. Each year a budget holder will be asked **to sign to** accept these responsibilities. Ordering cannot take place until the signature has been obtained. The procedures for all Budget Holders to follow, including a timetable of events is detailed in Budget **Holders Guidance, Finance Overview and Process document**. All guidance clearly outlines the responsibilities for Budget holders and the processes that need to be adhered to.

Budget Holders must ensure items purchased are bone-fide, required and not available elsewhere in the Academy.

A budget holder must access their real time report each month. Budget holders are encouraged to keep their own records of orders placed but not paid for by using the **planning tool** held on each academies finance site within the staff portal

All Purchases made by all Budget Holders (this will include the CE) and all other Senior Managers) must comply with the **Scheme of Delegation - authorisation limitations and responsibilities, agreed tendering limits and all processes and how to guides**.

Any order over the value of £5,000 must be countersigned by the Principal of each academy, and over the value of £25,000 by the Finance Director. Orders over the value of £40,000 must be approved by the Resources Committee and when over £100,000 by the Trust Board.

As a Trust we will always endeavour to find best value, but without increasing the workload for staff and to this extent recommends the use of purchasing frameworks by staff, such as **Crescent Purchasing Consortium, and Sandwell Purchasing approved suppliers and ESFA purchasing service**

The Trust on an annual basis, reserves the right to go out to tender for an annual contract based on an assumed expenditure limit to reduce administration but also maximise savings Therefore, The Trust will, on an annual basis award contracts for large areas of spend such as transport, stationery to ensure value for money and advise staff to use. Where an order is placed from these preferred lists, Budget Holders will not need to comply with the tendering limits above, as this process has already been undertaken.

## **Ordering Process**

All order requisitions must be made via the PS purchasing module online on an official order Requisition and authorised by the nominated Budget Holder.

Budget Holders must check to ensure adequate budgetary provision exists before placing the order.

Finance staff, (once authorised by the Budget Holder) will then review, for compliance and authorise the order within PS Financials. The Order will then be sent electronically to the Supplier

All orders will be raised on the PS Financial system and sent directly to the supplier.

All ordering must comply with the points below:

- ✓ written, pre-numbered orders to be used for all purchases except utilities, rent, rates or other contracted services
- ✓ all orders to be authorised by nominated Budget Holder
- ✓ goods and services are checked on receipt to ensure they are in accordance with the order
- ✓ works completed are certificated before final payments are made
- ✓ payments are only made against proper original invoices which have been checked, coded and certified for payment by a nominated signatory
- ✓ all invoices are marked "paid" after processing

Segregation of duties will ensure that different individuals are responsible for: ordering the goods, works, and services; checking their receipt/completion; and authorising invoices for payment.

A record of budget Holder and their authorisation limits will be kept in the finance area of each of the academy's staff portal.

Internet ordering must only take place in the finance/admin office with the official Trust Credit Card and the credit card log completed as per the **Use of Purchase Card Guidance**.

Internet Purchases are only to be made if there is a benefit to the Academy e.g. Cheaper Price / Discount; Better delivery time; Product is unique to particular supplier.

Internet ordering must not be used to by-pass the Trust normal ordering process.

Orders must not be placed over the phone, if in an emergency this is necessary, it must be followed up with an official order as soon as possible.

Internet trading on e-bay and other similar sites may be used to buy and sell items the academy, providing the guidance with the **internet trading policy** are adhered too.

In addition to the normally ordering process, each Budget Holder can also be issued with a Trust purchasing card. The use of this card must comply with the rules and guidance within the **Use of Purchase Card Guidance**. This card is not intended to replace the ordering process but to ensure value for money and allow for small purchases.

## Delivery Process

The Budget Holder must make appropriate arrangements for the delivery of goods to the Academy. On receipt of the goods, the budget holder or receiver of the goods, must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be reported to the Finance/Admin Office who will discuss with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance/Admin Office should be notified.

All delivery notes must be passed directly to Finance, where they will be input into the accounting system.

## Invoice Process

All invoices must be passed directly to the Finance Assistant. Wherever possible the invoice should be sent electronically to the standard finance email.

Receipt of the Invoice will be recorded by the Finance Assistant (date stamped). The Finance Assistant will check to ensure every invoice is:

- ✓ Order placed (if appropriate)
- ✓ Delivery note received and processed (if appropriate)
- ✓ invoice arithmetically correct
- ✓ goods/ services received
- ✓ prices correct

Once all of the above has been verified the invoice will be passed for payment.

Where an order has not been placed and or delivery note not processed, the invoice will be sent to the budget holder to authorise the payment. Before authorising the payment, the budget holder must make a detailed check against the order and the GRN. These documents (if available) must be attached to the invoice before it is sent back to the Finance Office. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

If a budget holder is pursuing a query with a supplier the Finance/Admin Office must be informed of the query and periodically kept up to date with progress, or the Budget Holder can seek the support of the team in pursuing the query.

The Finance Officer will raise the BACS for. A BACS run will take place each Thursday. The authorisation will be determined by the value of the BACS run as per the Trusts

### **Scheme of delegation**

**Cheques should only be raised when payment cannot be made by BACS.**

The cheques and associated paperwork must be authorised by two of the nominated cheque signatories, as determined within the **Scheme of Delegation – authorisation limitations**.

At the end of every month the Finance Assistant will produce a list of outstanding invoices from the purchase ledger (outstanding Creditors) and this list together with supporting documentation will be reviewed by the Finance Officer and Trust Finance Officer.

## Taxation

The Trust is subject to Value Added Tax (VAT) and will therefore ensure processes are in place to claim back VAT each quarter.

The Accounts system has been set to ensure VAT is not charged to budget but to a central VAT account which is then reclaimed by the Accounts Manager.

The Accounts Manager will ensure systems are in place to ensure all VAT is recovered correctly and in accordance with HMRC Guidance.

VAT will be claimed for both SLL and the Trust

The Accounts Manager Must Register for VAT for these services and ensure the trading activities are identified and monitored separately.

VAT will be claimed based on the guidance outlined in the “**Trust VAT Guidance**”

In addition to VAT, the Finance Director will ensure where a trading activity may be shown to have a profit and is not within the trading company, action is taken to minimise any possible tax implications and if necessary, move the activity.

### **Best Value policy**

To ensure the Academy complies with its responsibilities with regard to the use of public funds the Trust will adopt a **Best Value policy**. All the systems and processes in place will ensure that this policy is embedded into Academy life to ensure value for money.

### **Tendering Process for over £40,000**

The European Union (EU) has introduced rules to open up public purchasing by making member states remove restrictive practices. Government departments and other public bodies are subject to these rules. There is a requirement to follow a prescribed tendering procedure, to operate to a minimum timescale and a requirement to advertise contracts in the Official Journal of the European Union (OJEU) if certain financial thresholds are exceeded.

For Tendering between the value of £40,000 and the current OJEU limit the following procedures will be applied.

For tenders over the current OJEU limit tenders must comply with OJEU regulations.

### **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.

- ✓ **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Trust Finance Officer how best to advertise for suppliers e.g. general press, trade journals, use of framework 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:
  1. there is a need to maintain a balance between the contract value and administrative costs

2. a large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the academies requirements
  3. 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:
1. the above methods have resulted in either no or unacceptable tenders
  2. only one or very few suppliers are available, extreme urgency exists
  3. additional deliveries by the existing supplier are justified

## Preparation for Tender

In preparing a tender the Budget Holder must consider the following:

- ✓ objective of 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.

## Invitation to Tender

If an open or restricted tender is to be used, then an invitation to tender must be issued. This can be either in writing to the supplier or made available via a link on the Academy website, or by use of a purchasing consortium.

An invitation to tender should include the following:

- ✓ introduction/background to the project
- ✓ scope and objectives of the project
- ✓ technical requirements
- ✓ implementation of the project
- ✓ terms and conditions of tender and
- ✓ form of response.

## Aspects to Consider

### 1. 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?

### 2. 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

### 3. Other Considerations

- ✓ Presales 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 initiation process

At the beginning of the tender process, a specification should be drawn up detailing the requirements of the purchase. The specification should then be shared upon the invitation to tender along with a date and time by which the tenders should be received. Tenders received after the submission deadline should not be accepted.

The best way to request quotes via a tender is via an approved framework. To find the most suited framework refer to the department website where possible which details approved frameworks available for use by schools. Using a framework will allow specifications and requests for tenders to be seen by a wide range of suppliers and enable a clear record of tenders.

### Receiving and evaluating tenders

In preparation for the tenders being received, a criteria for assessing the suitability of the tenders should be established and full records should be kept showing the criteria used for evaluation. All tenders received should be recorded on the tender form detailing all key tender information, a summary of the tenders and a clear recommendation being made to Resources or the Trust Board for approval.

### Tender approval

Once the tender form is complete, the central log for orders of £40,000 or more should be updated and documentation shared to enable the central team to present the tenders to the relevant committee for approval. Upon approval from the relevant committee all parties should be informed of the decision. The central log will be updated to show the status of the tender and a requisition should then be raised with all supporting paperwork attached.

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 recommendation or deciding must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

For contracts **up to £100,000** – A Trustee (of the Resources Committee), the Finance Director, the CEO and if possible, the Budget Holder.

For contracts **over £100,000** – The Chairperson of the Trust Board, the Finance Director, and the CEO, and if possible, the Budget Holder.

Where required by the conditions attached to a specific grant from the EFSA or another body, 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.

## Income

The Income procedures are detailed within the **Budget Holders Guidance, process overview and how to guides**

The processes include systematic reviews of actual receipts. This includes comparisons with budget, to ensure that significant variations in the pattern of expected receipts can be promptly investigated.

The income systems will incorporate the following control features:

- ✓ Separation of collecting of income to banking
- ✓ Debtor Invoices where required are issued promptly and originate from Budget Holders
- ✓ Debtor Invoices when raised will account for VAT accurately
- ✓ All Debtor invoices must be chased monthly and action taken to ensure income is collected promptly and within 90 days
- ✓ Official pre-numbered receipts will be issued, or other formal documentation maintained, for all income collected
- ✓ transfers of money between staff is signed for
- ✓ receipts, tickets and other records of income are securely retained
- ✓ All cash and cheques are kept in the safe or an insured container prior to banking
- ✓ Banking takes place every week or more frequently if the sums collected exceed the insurance limit on the safe
- ✓ income collected is **NOT** used for the encashment of personal cheques or for other payments; except for the encashment of petty cash or cash imprest cheques
- ✓ income collected is reconciled to income banked
- ✓ the bank paying-in slips shows clearly the split between cash and cheques

The Resources Committee of the Trust must provide approval to write off debts not collectable over £5,000 and up to £45,000. The Finance Director can write off debts from £1,001 up to £5,000 and the Principal can write off debts up to the value of £1,000

Any write offs over £45,000 will require ESFA approval as detailed below.

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years. This category includes new trusts that have not had the opportunity to produce two years of audited accounts Cumulatively, 5% of total annual income in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous two financial years

## Debt Management

All debtor invoices unless agreed in advance by the Accounts Manager will have a payment term of 30 days. At the end of the 30-day period, any debt must be chased. The following process shall apply:

- ✓ After 30 days – Phone call and first reminder letter
- ✓ 2 weeks after initial reminder letter – Second call and e-mail
- ✓ After 60 days – Second reminder letter
- ✓ 2 weeks after second reminder – Finance Officer to chase and send letter with legal action
- ✓ After 90 days – refer to debt collectors

## Income Sources

The main source of income for the Academy is the grant from the EFSA. The receipt of these sums is monitored directly by the Trust Finance Officer who is responsible for ensuring that all grants due to the Academy are collected.

In addition to this, academies can receive inform for:

- ✓ students, for trips, exams
- ✓ the public for lettings etc.
- ✓ Catering Income
- ✓ Trading activities
- ✓ Gift aid from the trading subsidiary (Shireland Learning Limited)
- ✓ Project participation

All income will be collected in line with the Trust's **Charging and Remissions Policy, Lettings Policy and payment schedule within the contract for any trading or project work, or** any other supporting charges as determined by the CEO and Finance and Compliance Director. All fees must at a minimum aim to recover the cost of providing the service.

Though processes for collection of income will differ in each academy the key principles will be followed:

- ✓ All income will be receipted within the Finance/Admin Office

- ✓ On a weekly basis a summary of income collected with reference to receipt issued and financial coding. This spreadsheet must show a split between cash and cheques
- ✓ A member of Admin staff will prepare income for banking by a security company – weekly within term time. Cash and cheques must be kept separate. (please note, this member of staff should not have receipted the cash)
- ✓ The security company issue a receipt. This should be filed with the paying in slip and be passed to the Finance Officer with the summary of the week's banking
- ✓ The Finance Officer on receipt of the weekly banking summary with relevant supporting information will input into income the financial Management system.
- ✓ The Finance Officer will reconcile this income back to the paying in slip and income banked on a monthly basis, on receipt of the bank statement.
- ✓ When raising a debtor invoice the Finance Officer should consider the regulations as laid out in the **Academy's VAT Manual**. If at any point this guidance is not clear advice must be sought from the appointed VAT Officer.

The Trust Finance Officer will on a periodical basis, check the income process back to the source records to ensure the internal check and controls are operating adequately.

## Trips

A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must complete the trip form on the staff portal (finance area).

On receipt of the form the Finance Officer will set up the trip.

All payments should be receipted via "ParentPay".

An up-to-date record for each student showing the amount paid and the amount outstanding, should be maintained by the lead teacher. The lead teacher is responsible for chasing the outstanding amounts. See **Guidance for Trips**

**Please note where "Parent pay" is used this will provide all the information that is required. Parent pay should be the only mode for the collection of all income.**

The Finance Officer must reconcile the received income to the payments made for the trip to ensure this is fully funded. All Officers must follow the Guidance issued to Finance Officers to enter trips into the accounting system. The Trust Finance Officer will review the Trip suspense code to ensure the trip is accurately reflected in the accounts.

## Lettings

The Office Manager of each academy is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities and in accordance with the agreed Trust **letting policy**. **Each academy must make available on its website the Trust letting policy and a copy of their agreed scale of charges**

Details of organisations using the facilities should be sent to the Finance Assistant who will produce a sales invoice. Details of payments made, and outstanding accounts will be

forwarded to the Office Manager at the beginning of each month. The Finance Assistant is responsible for chasing outstanding debts and informing the Office Manager of non-payment to ensure no use is made of the facilities unless payment has been made.

Organisations using the facilities should be instructed to send all payments to the Academy Bank upon receipt of the invoice.

## **Catering**

The Trust operates a cashless catering system whereby validation machines are used by students. The income will be emptied from these machines daily and will be counted and banked by the administration department and receipted onto the accounting system by the Finance Officer. The process will always include segregation of duties by at least 2 members of staff being involved in the process. Reconciliations back to the machine reports and the banking will also be carried out by finance to ensure the correct funds are being banked. All income will be stored securely on site in a safe until collected for banking.

## **Trading Activities and Trading Subsidiary**

The Trust has a user agreement/ contract to enable its central team and academies to provide a variety of services to other schools. The Finance Officer must be informed and file a copy of any user agreement. A debtor invoice will be raised for the service on completion of the debtor form and receipt of the user agreement.

The service provider should receive an update on their income and a statement of any outstanding debt. The Finance Office is responsible for chasing outstanding debts and informing the Budget Holder of non-payment to ensure this is chased as a matter of urgency.

This process also applies for Shireland Learning Limited.

## **Gift Aid from Shireland Learning**

Any excess income at the year end from the trading subsidiary will be donated back to the Trust under the gift aid rules agreed by Shireland Learning Ltd Board.

## **Cash Management**

The proper administration of bank accounts is a fundamental financial control. In particular, the monthly bank reconciliations are essential. This proves that balances are correct and provides assurance that the underlying accounts have been properly compiled and are accurate.

The Trust processes will establish robust controls for the operation of bank accounts incorporating the following control features:

- ✓ The Bank provider will be chosen due to its stability and knowledge of the sector by the Board of Trustees
- ✓ the opening and closing of bank accounts will only be authorised by the Trustees

- ✓ Access rights within the bank system will be set to reflect the **Scheme of Delegation**
- ✓ Transfer of funds between bank accounts will be a central finance team responsibility (Finance and Compliance Director, Accounts Manager and Trust Finance Officers)
- ✓ The Accounts Manager will be responsible for cash management and will be the bank administrator
- ✓ Each account will have a limited number of authorised signatories as per the **Scheme of Delegation**
- ✓ two authorised signatories required for all withdrawals and payments made from bank accounts
- ✓ all cheques to be crossed "account payee only"
- ✓ cheques must not be pre-signed
- ✓ unused cheques will be retained securely (locked in the Finance/Admin Office)
- ✓ All BACS payments are authorised in line with the **Scheme of Delegation**
- ✓ bank reconciliations will be performed each month from bank statements to accounting records and any reconciling items should be resolved
- ✓ All bank reconciliations should be checked by the Trust Finance Officer
- ✓ The Finance Officer will be responsible for performing bank reconciliations and will ensure adequate segregation of duties within the processing of receipts and payments to maintain internal control
- ✓ All funds surplus to immediate requirements should be invested to maximise the interest for the trust

The Central Trust Finance Team will ensure arrangements are in place to make sure that any earmarked grants or other restricted income is ring-fenced from the other funds of the Academy via the coding structure within the accounts system as such, monthly balance sheets will detail the cash book balance of available funds and the amount of any earmarked funds, to ensure that a separate record is kept of these funds and that they are not used to meet general running costs.

## Bank Accounts

Each academy will have a current account, a deposit account and an investment account (held by the central finance team). The Trust will also hold an account for central team costs, for payroll and for any other joint costs.

The Academy will operate three accounts. One for each Academy and a collegiate account for joint costs, such as payroll.

## Deposits

The details of any deposit must be entered on a copy paying-in slip, the details should include:

- ✓ the amount of the deposit
- ✓ a reference, such as the number of the receipt or the name of the debtor
- ✓ Slip with total from Security company

This banking must be entered onto the management system as soon as banked by the Finance Officer.

## Payments and withdrawals

All cheques and other instruments authorising withdrawal from Academy bank accounts must comply with the payment **authorisation levels in the Scheme of Delegation**

All BACS payments will be checked and verified by the Finance Officer and then authorised by an agreed signatory who should check the payments and then approve.

Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

## Administration

The Trust Finance Officer will ensure bank statements are received regularly and reconciliations are performed on a monthly basis.

Reconciliation procedures will ensure:

- ✓ all bank accounts are reconciled to the Academy's cash book
- ✓ reconciliations are subject to an independent review carried out by the Accounts Manager
- ✓ adjustments arising are dealt with promptly

## Petty Cash/Cash Imprest Accounts

Academies will be cashless however the Central Team will maintain a maximum cash balance of £400 to be used for only if the academies require cash and there is no other method available. However, the Accounts Manager has the right to agree a variance if this amount should need altering. Individual transactions for petty cash should not exceed £50 per transaction and should be requested by the academy to the Trust by email/form on the portal? The cash will then be administered by the Central Team Finance Assistant and kept in the Finance office safe or secured insured cupboard. The Central Team will also complete the intercompany transaction on PS Financials.

Where necessary the Trust Finance Assistant can issue a cash imprest for items of expenditure within the Academy where cash may be needed, up to £500. The same rules applicable to the petty cash imprest must be applied. The documentation to support this process is shown in the Cash Imprest procedures. These will only be available under exceptional circumstances whereby no other option of cashless is appropriate.

## Deposits

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

## Payments and Withdrawals

In the interests of security, petty cash payments will be limited to **£50**. Higher value payments should be reimbursed to staff via payroll.

## Administration

The Finance Assistant is responsible for entering all transactions into the petty cash records and cash imprest records. The Trust Finance Officer will verify the cash position. The Trust Finance Assistant will process the issue of the cash to the system to be reconciled against the expenditure input by the Finance Assistant.

Petty cash must be updated on the accounts system on a monthly basis.

## Physical Security

Cash should be held in a locking cash box which is put in the safe overnight or in a locked drawer or filing cabinet.

## Purchase Card Scheme

The CEO, Principal will have access to a purchase card, these cards have been issued to give flexibility of use to Key Managers within the organisation. The guidance issued in **Academy Purchase Card Usage** must be complied with at all times and all relevant paperwork maintained.

Expenditure can only be made via the Trust's official accounts for online suppliers and must use the official trust e-mail address. Finance staff will be responsible for ensuring items have been delivered and reconciling payments for delivered items on a monthly basis on the credit card statement.

The balance on each card will be paid in full each month.

## Purchasing Cards

Each Budget Holder can be issued with a purchasing card, which will enable their current budget allocation to be spent. These cards have been issued to allow flexibility within the payment process. The guidance issued in "**Academy Purchase Card Usage** must be complied with at all times and all relevant paperwork maintained for these cards

## Cash Flow Forecasts

The Accounts Manager and Trust Finance Officers are responsible for preparing cash flow forecasts to ensure that the academy and the Trust has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. The cash flow will be reported to Trustees via Resources Committee. Each Academy must ensure the cash flow is kept up to date.

## Investments

The Academy's Articles gives Trustees the power "to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from an external financial expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification)"

To this extent all investments will be in line with the Trusts **investment policy**

The Accounts Manager will be responsible for the investment of cash considering the investment policy. All entries will be maintained via the bank reconciliation process on the accounting system and will be held in sufficient detail on the management system, to identify the investment transfer. Any transfer will be authorised in line with the payment authorisations within the **Scheme of Delegation**.

Each Academy will be credited with interest depending on their contribution to the investment.

## Fixed assets

As a Trust, we will have systems of control which ensure that stocks, stores and other assets are recorded and adequately safeguarded against loss or theft.

The capitalisation limit for assets set by the Trustees is **£5,000**. Provision will be made through the revenue accounts for amounts up to this value.

The Accounts Manager will maintain a register capitalised asset.

The register must 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

In addition to the above, each academy will have an Asset Management Plan clearing showing expenditure in year, to ensure all items in the register are permanently marked as the academy's property; ensure a physical count against the register are undertaken at least annually; investigate any discrepancies between the physical count and the registers are investigated promptly and if significant reported to the Resources Committee.

## Asset Register

All items purchased with a **value over £500** must be entered in an Inventory register maintained by each academy. The register will be maintained by the ICT Manager and Site Manager. The ICT Manager will maintain the ICT register, the Site Manager will maintain the furniture and equipment register.

This register must be updated directly from the orders placed on the management system, so it is important that when placing the order, the location is entered on the order requisition. The register will clearly display the order and invoice number.

This Asset Register helps:

- ✓ ensure that staff take responsibility for the safe custody of assets
- ✓ enables 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
- ✓ the external auditors to draw conclusions on the annual accounts and the academies financial system
  
- ✓ support insurance claims in the event of fire, theft, vandalism or other disasters.

## Security of assets

Stores and equipment must be secured by means of physical and other security devices.

All the items on the Asset register should be permanently and visibly marked as the academies 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 SPC and if necessary, the Resources Committee. 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.

No items should be moved without informing the owner of the Asset register. If the item is valued at over £5,000 then the Trust Accounts Manager must be informed., so the records can be updated accordingly. The accounts Manager will maintain a separate register for all items over £5,000.

## Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal as per the **Scheme of Delegation**.

These are

- Up to £5,000 the Principal but must be reported to SPC and Finance Director.
- Over £5,000 up to £44,999 Resources Committee,

- over £45,000 seek ESFA approval

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

Please note the sale price of an item should be checked with the central finance team to establish if there is any value which must be recovered and as such a minimum sale price is established.

Each 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 DFE a proportion of the sale proceeds.

All disposals of land and buildings must be agreed in advance with the Secretary of State.

The Trust reserves the right to donate a single asset up to the value of £1,000 to a charity, when it no longer needs this asset.

## **Loan of Assets**

Items of Academy property must not be removed from Academy premises without the authority of the Principal. A record of the loan must be recorded in a loan book and booked back in Academy when it is returned. If the item is valued at over £5,000 then the Accounts Manager should be informed.

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 Finance Director and if necessary, the Trusts appointed auditors.

## **Sale of Assets, leases and tenancy agreement transfers**

In accordance with EFSA advice, the trust will seek prior approval for the Secretary of State via the EFSA before entering into any sale or granting or sublet any lease. No agreement will be undertaken in excess of 5 years unless approval of the CEO is obtained.

## **Leases**

The academy trust will not enter into any financial lease (considered borrowing). Operational leases will be entered into where it can be demonstrated this offers value to the Trust. No lease will be entered into for longer than 3 years without the permission of the Resources Committee. The Committee has the right to agree an operational lease up to 5 years.

Financial leases will not be entered into.

Where the academy is unsure then advice must be sought, and approval obtained from the Trust and or EFSA.

## Borrowing

The academy funding agreement does not allow the trust to borrow in any format, this includes entering into any financial leases.

Credit/purchasing cards must be paid in full before any interest is accrued. The Trust Finance Officers will ensure this completed each month.

The academy must seek the Secretary of State's approval for any type of borrowing that falls within the limits specified within the current Academies Handbook.

Each academy will be able to take up the offer of any form or borrowing approved by the ESFA, such as a Salix loan. All such borrowing will need the approval of the CEO and Finance and Compliance Director.

## Severance/Compensation and Contentious Payments

The Trust will only make payments in accordance with the regulations stipulated within the Academies Handbook. For any payments over the value of £50,000 approval will be sought from the HM Treasury via the EFSA prior to the payment being made.

## Fraud and Irregularity

The Trust takes misuse of public funds seriously and as such will implement a clear audit and self-evaluation process to ensure financial systems and processes are reviewed. This will be agreed annually by the Audit Committee.

The board will be kept fully informed via the audit committee of the processes agreed for the year to minimise risk and in line with the academy **Fraud Policy** the action required if fraud or an irregularity is identified.

All fraud or irregularity of any value will be reported to the Accounting Officer and Finance Director; over the value of £500 will be reported to the audit committee.

In line with the EFSA advice all instances of fraud over £5,000 will be reported to the EFSA.

## Cybercrime

The Trust will do everything possible to ensure protection against cybercrime although if any ransom requests were received the ESFA should be notified, and the payment should not be made for any value without prior ESFA approval.

## Risk Management

The Trust as part of its planning process will maintain a risk management plan. The Operational risk plan will be owned by each academy and reported to each SPC. The strategic risk plan will be owned by the Executive Leadership team reviewed by the audit committee for the Trust.

These registers will form the basis of the statement within the annual accounts.

The Trust and its academies will adopt a self-evaluation process in year to identify and mitigate the major risks in year and evidence the work.

As part of this process the academy trust will ensure it has:

- ✓ A clear business continuity plan
- ✓ Adequate insurance cover
- ✓ Internal Control in place in all systems
- ✓ Followed Charity SORP accounting procedures
- ✓ Appointed external auditors
- ✓ Appointed a Responsible Officer
- ✓ Arranged an annual regularity audit by external auditors
- ✓ Prepared annual accounts in line with the EFSA accounts direction
- ✓ Finance and Compliance Director periodical reviews

## Public Access to Information

In line with the requirements of the regulatory body (ESFA) and legislation the website of the Trust and each of its academies will retain all statutory information that the Board of Trustees are legally bound to include. It will be held in a format that can be easily accessed by the wider community.

## Shireland Learning Limited

The Trust is the sole Member of this company and though a separate legal entity, the Trust has complete ownership. SLL has its own board that reports termly back to the Trust. SLL has its own **SLL Governance scheme and Scheme of Delegation**. However, all other guidance as detailed within this document will be applied to the management of this company

## Conclusion

This manual and associated policies and guidance are intended to embed good financial practices within Shireland Collegiate Academy Trust's Structure and its trading subsidiary, to ensure adherence to ESFA and legislative requirements.

This document will be supported by other financial guidance that may not have been mentioned above. A full list of policies and guidance is available on the Finance Area of the Trust Portal under policies and guidance.

## **Reference Documentation**

DfE Academy Financial Handbook (current Year)

DfE Master Funding Agreement and Supplementary Funding Agreements

DfE Governance Handbook

# Supporting Policies and Guidance within the Trust

*(Clicking on the title should take you directly to the document)*

## **Governance**

[Governance Structure](#)

[Scheme of Delegation](#)

[Decision making Process](#)

[Trust Function Documents](#)

[SLL Governance Structure](#)

[SLL Scheme of Delegation](#)

[Declaration of Interests Policy](#)

[Gift and Hospitality Policy](#)

Charging and Remissions Policy

[Remuneration of Trustee Expenses Policy](#)

[Reserves Policy](#)

[Authorisation Limits](#)

[Policy Schedule](#)

[Investment policy](#)

## **Management Processes**

Finance Overview

Budget setting and monitoring Guidance

Budget Management Guidance

Yearend guidance

Financial processes Overview

How to guides

Finance Duties

Coding Structure

Financial responsibilities

[Budget Holder Guidance](#)

PS Financial User Guide

VAT Manual

[Whistle Blowing Policy](#)

[Best Value Statement](#)

[Fraud policy](#)

[Letting Policy](#)

Staff Expenses Policy

### **Internal Control and Processes**

Internet Trading Policy

Banking Guidance

[Guidance for Trips](#)

Debtor invoicing Procedures

Sales guidance

Purchasing guidance

Ordering Process

Cash Imprest procedures

Credit Card usage guidance

Petty Cash guidance

## **Further Sources of Information**

### **Accountability**

[Public Accounts Committee](#)

### **Accounting officer**

[Association of School and College Leaders](#)

[Role of the accounting officer in an academy](#) (Chartered Institute of Public Finance and Accountancy (CIPFA))

[‘Dear Accounting Officer’ letters](#) (ESFA)

## **Annual accounts and audit**

[Academies Accounts Direction \(ESFA\)](#)

[Academies accounts return \(DfE\)](#)

[Accounting and reporting by charities: statement of recommended practice \('SORP'\) \(Charity Commission\)](#)

[Charity reporting and accounting: the essentials \(CC15d\) \(Charity Commission\)](#)

[National Audit Office](#)

## **Buildings**

[Condition Improvement Fund](#) including links to terms and conditions (DfE)

[Property information notes \(DfE\)](#)

[Good estate management for schools \(DfE\)](#)

## **Charities**

[Charity publications and information \(Charity Commission\)](#)

[Setting up and running a charity \(Charity Commission\) 65](#)

## **Chief financial officer**

[Role of the CFO in academies \(CIPFA\)](#)  
[Finance Directors Forum](#)  
[Institute of School Business Leadership](#)

## **Clerk to the board**

[Clerking competency framework \(DfE\)](#)

## **Conflicts of interest**

[Conflicts of interest: a guide for charity trustees \(CC29\) \(Charity Commission\)](#)  
[Manage a conflict of interest in your charity \(Charity Commission\)](#)  
[Review of related party transactions in academies \(ESFA\)](#)

## **Education and Skills Funding Agency**

[ESFA update](#)  
[ESFA training \(videos and webinars\)](#)

## **Financial management**

[Academy conversion: surplus and deficit balance transfer process \(DfE\)](#)  
[Budget forecast \(DfE\)](#)  
[Charities and investment matters: a guide for trustees \(CC14\) \(Charity Commission\)](#)  
[Financial management good practice guides \(ESFA\)](#)  
[Financial management and governance self-assessment \(ESFA\)](#)  
[Integrated curriculum and financial planning \(DfE\)](#)  
[Managing a charity's finances \(CC12\) \(Charity Commission\)](#)  
[Managing public money \(HM Treasury\)](#)  
[Schools financial benchmarking \(DfE\)](#)  
[School resource management \(DfE\) 66](#)

**Fraud**

[Academies: guide to reducing fraud \(ESFA\)](#)

[Academies investigation reports \(EFSA\)](#)

[Action Fraud \(City of London Police\)](#)

[Fraud risk management \(Chartered Institute of Management Accountants\)](#)

[Fraud Act 2006](#)

[Whistleblowing](#)

**Freedom of information**

[Information Commissioner's Office](#)

**Funding**

[Academies revenue funding allocations \(ESFA\)](#)

[Funding for 16-19-year olds in schools \(ESFA\)](#)

**Internal control**

[Internal financial controls for charities \(CC8\) \(Charity Commission\)](#)

**Internal scrutiny**

[Audit committee handbook \(HM Treasury\)](#)

**New trusts**

[Information for new academies \(ESFA\)](#)

**Procurement**

[Buying for schools \(DfE\)](#)

[Crescent Purchasing Consortium 67](#)

[Official Journal of the European Union](#)

**Risk management**

[Charities and risk management \(CC26\)](#) (Charity Commission)

[Management of Risk - Principles and Concepts](#) (HM Treasury)

[Risk protection arrangement](#) (DfE)

**Tax**

[Charities and tax](#) (HMRC)

[Check employment status](#) (HMRC)

[Money laundering regulations](#) (HMRC)

[PAYE](#) (HMRC)

[Review of the tax arrangements of public sector appointees](#) (HM Treasury)

[Trustees trading and tax: how charities may lawfully trade \(CC35\)](#) (Charity Commission)

[VAT](#) (HMRC)

[VAT: Refund scheme for academies](#) (HMRC)

[VAT registration](#) (HMRC)

**Severance payments**

[Academies severance payments](#) (ESFA)

**Trustees and governance**

[Academy Ambassadors](#)

[Automatic disqualification of persons as charity trustees or senior managers](#) (Charity Commission)

[Board members of Public Bodies: Code of conduct](#) (Cabinet Office)

[Changing your charity's governing documents \(CC36\)](#) (Charity Commission)

[Charity finances: trustee essentials \(CC25\)](#) (Charity Commission) 68

- [Charities and charity trustees: an introduction for school governors](#) (Charity Commission)
- [Good governance standard for public services](#) (CIPFA)
- [Competency framework for governance](#) (DfE)
- [Confederation of School Trusts](#)
- [Inspiring Governance](#)
- [Making significant changes or closure](#) (DfE)
- [National Governance Association](#)
- [Statutory policies for schools](#) (DfE)
- [The Essential Trustee: What you need to know, what you need to do \(CC3\)](#) (Charity Commission)
- [Trustee board: people and skills](#) (Charity Commission)
- [Trustee expenses and payments \(CC11\)](#) (Charity Commission)

## Appendix 1 – Finance Structure

